
ANNUAL FINANCIAL REPORT WARREN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
WARREN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

JAMES HODGES, CFE
BRANDON MARKS
KELLEY J. McNEAL, CPA, CGFM
State Auditors

This financial report is available at www.comptroller.tn.gov

WARREN COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Warren County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
Management's Discussion and Analysis		15-22
BASIC FINANCIAL STATEMENTS:		23
Government-wide Financial Statements:		
Statement of Net Position	A	24-25
Statement of Activities	B	26-27
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	28-29
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	30
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	31-32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	33
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	34-35
Ambulance Service Fund	C-6	36
Highway/Public Works Fund	C-7	37
Proprietary Funds:		
Statement of Net Position	D-1	38
Statement of Revenues, Expenses, and Changes in Net Position	D-2	39
Statement of Cash Flows	D-3	40
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	41
Index and Notes to the Financial Statements		42-76

	Exhibit	Page(s)
REQUIRED SUPPLEMENTARY INFORMATION:		77
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Warren County School Department	F-1	78
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Warren County School Department	F-2	79
Notes to the Required Supplementary Information		80
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		81
Nonmajor Governmental Funds:		82-83
Combining Balance Sheet	G-1	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	85
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	86
Drug Control Fund	G-4	87
Major Governmental Fund:		88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	89
Fiduciary Funds:		90
Combining Statement of Fiduciary Assets and Liabilities	I-1	91
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	92-93
Component Unit:		
Discretely Presented Warren County School Department:		94
Statement of Activities	J-1	95
Balance Sheet – Governmental Funds	J-2	96
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	97
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	98
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	99
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	101
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	102-103
School Federal Projects Fund	J-9	104
Central Cafeteria Fund	J-10	105

	Exhibit	Page(s)
Miscellaneous Schedules:		106
Schedule of Changes in Long-term Notes and Bonds	K-1	107
Schedule of Long-term Debt Requirements by Year	K-2	108
Schedule of Transfers – Discretely Presented		
Warren County School Department	K-3	109
Schedule of Salaries and Official Bonds of Principal Officials –		
Primary Government and Discretely Presented		
Warren County School Department	K-4	110
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	111-120
Schedule of Detailed Revenues – All Governmental Fund Types –		
Discretely Presented Warren County School Department	K-6	121-122
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	123-139
Schedule of Detailed Expenditures – All Governmental Fund Types –		
Discretely Presented Warren County School Department	K-8	140-149
Schedule of Detailed Receipts, Disbursements, and Changes in		
Cash Balance – City Agency Fund	K-9	150
 <u>SINGLE AUDIT SECTION</u>		 151
 Auditor's Report on Internal Control Over Financial Reporting and on		
Compliance and Other Matters Based on an Audit of Financial		
Statements Performed in Accordance With <i>Government</i>		
<i>Auditing Standards</i>		152-153
Auditor's Report on Compliance for Each Major Federal Program;		
Report on Internal Control Over Compliance; and Report on the		
Schedule of Expenditures of Federal Awards Required by		
OMB Circular A-133		154-156
Schedule of Expenditures of Federal Awards and State Grants		157-158
Schedule of Audit Findings Not Corrected		159
Schedule of Findings and Questioned Costs		160-166
Auditee Reporting Responsibilities		167

Audit Highlights
Annual Financial Report
Warren County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Warren County as of and for the year ended June 30, 2013.

Results

Our report on Warren County's financial statements is unmodified.

Our audit resulted in six findings and recommendations, which we have reviewed with Warren County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF FINANCE DIRECTOR

- ◆ Expenditures exceeded appropriations.
- ◆ Some Animal Control Department collections were not deposited within three days.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The Board of Education allowed a nonprofit organization to construct a softball hitting facility on school property.

OFFICE OF COUNTY CLERK

- ◆ Excess fees were not reported and paid to the county in compliance with state statute.
-

**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS
CLERK**

- ◆ The accounting software did not identify the user who processed transactions.
-

**OFFICES OF COUNTY CLERK, CLERK AND MASTER, REGISTER OF
DEEDS, AND SHERIFF**

- ◆ Duties were not segregated adequately.
-

BEST PRACTICE

Warren County does not have an Audit Committee. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Warren County Officials

June 30, 2013

Officials

John Pelham, County Executive
Levie Glenn, Superintendent of Roads
John Robert Cox, Director of Schools
Darlene Bryant, Trustee
Beth Martin, Assessor of Property
Lesa Scott, County Clerk
Bernadette Morris, Circuit, General Sessions, and Juvenile Courts Clerk
Myra Mara, Clerk and Master
Terry Smith, Register of Deeds
Jackie Matheny, Sheriff
Linda Hillis, Finance Director

Board of County Commissioners

John Pelham, County Executive, Chairman
Joel Akers
Terry Bell
Morris Bond
Carl Bouldin
M.A. Bouldin
Teddy Boyd
Sally Brock
Wayne Copeland
Clinton Hill
Billy Earl Jones
Ronald Lee
Ken Martin

Michael Martin
Charles Morgan
Dwight O'Neal
Gary Prater
Kenneth Rogers
George Smartt
Bessie Smithson
Diane Starkey
Les Trotman
Herschel Wells
Blaine Wilcher
Melissa Yancy

Board of Education

William Zechman, Chairman
Mike Adamson
Tanya Bess

Linda Blair
Scott Holmes
Jeff Lee

Financial Management Committee

John Pelham, County Executive, Chairman
Levie Glenn, Superintendent of Roads
John Robert Cox, Director of Schools
Terry Bell

Wayne Copeland
Billy Earl Jones
Herschel Wells

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Independent Auditor's Report

Warren County Executive and
Board of County Commissioners
Warren County, Tennessee

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Warren County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Warren County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15-22 and the schedules of funding progress – pension plan and other postemployment benefit plans on pages 78-80 be presented to supplement the basic financial statements. Such information, although not a

part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Warren County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2013, on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 26, 2013

JPW/sb

**Warren County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

As management of Warren County, we offer readers of the Warren County financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial report.

Financial Highlights

Primary Government

- The assets of Warren County exceeded its liabilities at the close of the fiscal year by \$41,322,331 (net position).
- The Primary Government's total net position increased by \$2,663,389.
- As of the close of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$16,618,749. At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,176,694 or 28 percent of total General Fund expenditures.
- Warren County's total long-term debt decreased by \$3,138,729 during the fiscal year due to payments made on debt obligations for Warren County.

Discretely Presented Component Unit – Warren County School Department

- The assets of the Warren County School Department exceeded its liabilities at the close of the fiscal year by \$51,014,253 (net position).
- As of the close of the fiscal year, the School Department's combined ending fund balances were \$8,254,639. The Education Department of the State of Tennessee places restrictions on how fund balances may be used, generally limiting the use of unassigned fund balance to capital purchases and other non-recurring expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Warren County's basic financial statements. The county's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Warren County's finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all of Warren County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The **Statement of Activities** presents information showing the change in the government's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the county and those of its component units. The governmental activities of Warren County are principally supported by taxes and intergovernmental revenues and include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; highways and streets; sanitation; ambulance service; drug control; education; and debt service. Warren County has no business-type activities.

The government-wide financial statements include not only Warren County (known as the primary government), but also the legally separate Warren County School Department (a discretely presented component unit) for which Warren County is financially accountable. The Warren County Emergency Communications District also meets the criteria for a discretely presented component unit. The financial statements for the Warren County Emergency Communications District were not available at the completion of Warren County's audit and are not included within the government-wide statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Warren County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Warren County can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,

expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Warren County and the Warren County School Department maintain a multitude of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Ambulance Service, Highway/Public Works, and General Debt Service funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Warren County adopts an annual appropriated budget for its General, Ambulance Service, Highway/Public Works, Solid Waste/Sanitation, Drug Control, General Debt Service, General Purpose School, and Central Cafeteria funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

Proprietary funds. Warren County maintains one proprietary fund, an internal service fund, used to account for the county's self-insurance program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of Warren County's internal service fund are self-insurance premiums/contributions. Operating expenses for the internal service fund include the purchase of commercial insurance and various claims.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found elsewhere in this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The information included in this section is stipulated by the Governmental Accounting Standards Board (GASB) Statement No. 34.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Warren County, the Primary Government's assets exceeded liabilities by \$41,322,331 and the discretely presented Warren County School Department's assets exceeded liabilities by \$51,014,253 at the close of the fiscal year.

The Constitution for the State of Tennessee only allows the local legislative body authorization to issue debt. Therefore, whenever the Warren County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Warren County Primary Government.

As of June 30, 2013, Warren County had outstanding debt totaling \$14,736,107 for capital purposes for the Warren County Board of Education, with the capital assets being reported in the financial statements of the Warren County Board of Education. However, Warren County has incurred the related liability, significantly decreasing its unrestricted net position without a corresponding increase in the county's capital assets.

A large portion of Warren County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Warren County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Warren County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules provide a summary of Warren County's and the Warren County School Department's Net Position and Statement of Activities for the fiscal years ending June 30, 2012, and June 30, 2013:

Table 1

WARREN COUNTY, TENNESSEE
NET POSITION

	Warren County Primary Government		Component Unit Warren County School Department	
	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013
Current and Other Assets	\$ 34,250,796	\$ 34,016,011	\$ 12,979,494	\$ 13,518,183
Capital Assets	42,627,407	42,591,607	48,060,589	46,261,050
Total Assets	<u>\$ 76,878,203</u>	<u>\$ 76,607,618</u>	<u>\$ 61,040,083</u>	<u>\$ 59,779,233</u>
Long-term Liabilities	\$ 21,442,528	\$ 19,698,288	\$ 2,934,819	\$ 4,211,595
Other Liabilities	16,550,963	6,170,822	5,055,397	760,437
Total Liabilities	<u>\$ 37,993,491</u>	<u>\$ 25,869,110</u>	<u>\$ 7,990,216</u>	<u>\$ 4,972,032</u>
Deferred Revenue-Current Property Tax	\$ 0	\$ 9,416,177	\$ 0	\$ 3,792,948
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 9,416,177</u>	<u>\$ 0</u>	<u>\$ 3,792,948</u>
Net Position:				
Net Investment in Capital Assets	\$ 35,485,069	\$ 36,213,559	\$ 48,060,589	\$ 46,261,050
Restricted	8,017,514	6,114,521	1,595,232	1,353,816
Unrestricted	<u>(4,617,871)</u>	<u>(1,005,749)</u>	<u>3,394,046</u>	<u>3,399,387</u>
Total Net Position	<u>\$ 38,884,712</u>	<u>\$ 41,322,331</u>	<u>\$ 53,049,867</u>	<u>\$ 51,014,253</u>

Table 2

WARREN COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES

	Warren County		Component Unit	
	Primary Government		Warren County School Department	
	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013
Revenues:				
Program Revenues:				
Charges for Services	\$ 5,977,751	\$ 6,659,914	\$ 983,605	\$ 795,123
Operating Grants and Contributions	3,788,704	3,556,303	7,697,267	5,995,622
Capital Grants and Contributions	535,563	138,527	9,944,231	543,553
General Revenues:				
Property Taxes	9,407,588	9,320,555	3,668,023	3,746,923
Other Taxes	2,057,590	2,043,923	7,615,748	7,503,929
Grants and Contributions Not Restricted for Specific Purposes	1,262,801	1,332,043	33,189,651	34,748,559
Miscellaneous	103,370	91,280	114,968	99,102
Special Item - Tax Credit Bond Rebate	450,864	450,864	0	0
Unrestricted Investment Earnings	333,548	282,054	4,406	2,435
Total General Revenues	<u>\$ 23,917,779</u>	<u>\$ 23,875,463</u>	<u>\$ 63,217,899</u>	<u>\$ 53,435,246</u>
Insurance Recovery	\$ 0	\$ 31,204	\$ 0	\$ 0
Expenses:				
General Government	\$ 1,391,146	\$ 1,490,940	\$ 0	\$ 0
Finance	1,256,456	1,368,453	0	0
Administration of Justice	1,407,749	1,360,275	0	0
Public Safety	5,724,247	5,677,402	0	0
Public Health and Welfare	4,951,609	4,885,479	0	0
Social, Cultural, and Recreational	132,950	155,750	0	0
Agriculture and Natural Resources	189,664	184,185	0	0
Other Operations	1,732,447	1,252,289	0	0
Highways/Public Works	3,298,150	2,390,354	0	0
Education (Self-Insurance)	1,027,971	804,744	0	0
Education (Contributions to Component Units)	9,878,912	543,553	0	0
Education	0	0	55,370,816	55,470,860
Interest on Long-term Debt	1,162,781	1,043,623	0	0
Other Debt Service	67,205	86,230	0	0
Total Expenses	<u>\$ 32,221,287</u>	<u>\$ 21,243,277</u>	<u>\$ 55,370,816</u>	<u>\$ 55,470,860</u>
Change in Net Position	\$ (8,303,508)	\$ 2,663,389	\$ 7,847,083	\$ (2,035,614)
Reclassification	0	(19,288)	0	0
Restatement	0	(206,482)	0	0
Net Position, July 1	<u>47,188,220</u>	<u>38,884,712</u>	<u>45,202,784</u>	<u>53,049,867</u>
Net Position, June 30	<u>\$ 38,884,712</u>	<u>\$ 41,322,331</u>	<u>\$ 53,049,867</u>	<u>\$ 51,014,253</u>

A portion of Warren County's and the discretely presented Warren County School Department's net position represents resources that are subject to restrictions on how they may be used. The remaining balances of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Financial Analysis of the Government's Funds

As noted earlier, Warren County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Warren County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Warren County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Warren County's governmental funds reported combined ending fund balances of \$16,618,749. Classifications of fund balance may consist of the following: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

The General Fund is the chief operating fund of Warren County. At the end of the fiscal year, unassigned fund balance of the General Fund was \$3,176,694, while total fund balance was \$4,687,700. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total General Fund expenditures, while total fund balance represents 41 percent of that same amount.

The fund balance of Warren County's General Fund increased by \$540,305 during the fiscal year.

The General Debt Service Fund has a total fund balance of \$8,660,462, all of which is restricted or committed for the payment of debt service.

General Fund Budgetary Highlights

The difference between the original budget expenditures and the final amended budget expenditures in the General Fund was a \$605,875 net increase in appropriations and can be briefly summarized as follows:

- \$226,725 in increases allocated to General Government
- \$ 46,700 in increases allocated to Administration of Justice
- \$307,450 in increases allocated to Public Safety
- \$ 25,000 in increases allocated to Social, Cultural, and Recreational Services

The increase of \$605,875 in budgetary expenses was funded from miscellaneous increases in various revenue accounts, including but not limited to, local taxes, charges for services, state and federal grant proceeds; miscellaneous decreases in various expenditure accounts; and fund equity. During the year, revenues exceeded budgetary amounts and expenditures were less than budgetary estimates; therefore, the ending fund balance at June 30, 2013, exceeded the budgeted estimated fund balance.

Capital Assets and Debt Administration

Capital assets. The investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. Warren County's investment in capital assets for its governmental activities as of June 30, 2013, totaled \$36,213,559 (net of accumulated depreciation and related debt). The Warren County School Department's investment in capital assets as of June 30, 2013, was \$46,261,050. The related debt for schools is carried in governmental activities.

Major capital assets events during fiscal year 2012-13 included the following:

- Purchasing Four New Vehicles – Sheriff's Department - \$96,744
- Installing a Fire Alarm System – Courthouse - \$31,946

For more detailed information on capital assets activity, please see the relevant disclosures in the notes to the financial statements.

Long-term Debt

At the end of the fiscal year, Warren County had total long-term debt outstanding of \$20,987,773. This amount comprises debt backed by the full faith and credit of the government. In addition to the debt, the county's long-term obligations include compensated absences and other postemployment benefits liability.

Warren County's total debt decreased by \$3,138,729 during fiscal year 2012-13.

For more detailed information on long-term debt activity, please see the relevant disclosures in the notes to the financial statements.

Warren County maintains an A3 rating from Moody's and an A+ rating from Standard and Poor's for general obligation debt.

A schedule of all outstanding debt as of June 30, 2013, for Warren County follows:

Table 3

WARREN COUNTY, TENNESSEE
OUTSTANDING DEBT

Primary Government	June 30, 2012	June 30, 2013
2010 Qualified School Construction Bonds	\$ 8,816,412	\$ 8,236,107
2010 Build America Bonds	6,000,000	6,000,000
2010 Series General Obligation Refunding Bonds	6,475,000	6,095,000
2008 Series School Refunding Bonds	2,000,000	500,000
2003 Series Public Works Refunding Bonds	190,000	0
2013 Capital Outlay Notes	0	90,000
2012 Capital Outlay Notes	133,333	66,666
2011 Capital Outlay Notes	511,757	0
Total Outstanding Debt	<u>\$ 24,126,502</u>	<u>\$ 20,987,773</u>

Economic Factors and Next Year's Budgets and Rates

On July 15, 2013, Warren County adopted a budget for the fiscal year ending June 30, 2014. Many factors were considered when adopting this budget including a continued elevated unemployment rate, limited interest earnings, the prolonged slow-down in the housing market, and a decrease in sales tax collections.

At the end of the 2012-13 fiscal year, unassigned fund balance in the General Fund increased to \$3,176,694 from \$3,120,714 in fiscal year 2011-12. The Warren County legislative body approved the tax rate of \$1.9955 in regular session on July 15, 2013, for fiscal year 2013-14 allocated as follows:

<u>Fund</u>	<u>Tax Rate</u>
General	\$ 0.9400
Solid Waste/Sanitation	0.0800
Ambulance Service	0.2000
Highway/Public Works	0.0800
General Purpose School	0.5730
General Debt Service	<u>0.1225</u>
Total	<u>\$ 1.9955</u>

Request for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Finance Department at 201 Locust Street, Suite 2, McMinnville, Tennessee 37110.

BASIC FINANCIAL STATEMENTS

Exhibit A

Warren County, Tennessee
Statement of Net Position
June 30, 2013

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Warren County School Department</u>
<u>ASSETS</u>		
Cash	\$ 171,454	\$ 1,112
Equity in Pooled Cash and Investments	20,885,717	7,706,881
Inventories	0	64,735
Accounts Receivable	1,449,973	5,392
Allowance for Uncollectibles	(275,319)	0
Due from Other Governments	963,778	1,771,607
Due from Primary Government	0	625
Due from Component Units	61,185	0
Property Taxes Receivable	10,216,968	4,115,517
Allowance for Uncollectible Property Taxes	(366,637)	(147,686)
Notes Receivable - Current	424,562	0
Notes Receivable - Long-term	484,330	0
Assets Not Depreciated:		
Land	2,044,877	1,929,936
Intangible Assets	6,201,919	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,231,192	43,123,640
Infrastructure	23,078,554	0
Other Capital Assets	3,035,065	1,207,474
Total Assets	<u>\$ 76,607,618</u>	<u>\$ 59,779,233</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 176,628	\$ 585
Accrued Payroll	247,772	1,165
Payroll Deductions Payable	72,882	584,814
Claims and Judgments Payable	3,547,427	0
Due to Primary Government	0	61,185
Due from Component Units	625	0
Accrued Interest Payable	80,314	0
Noncurrent Liabilities:		
Due Within One Year	2,045,174	112,688
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	19,698,288	4,211,595
Total Liabilities	<u>\$ 25,869,110</u>	<u>\$ 4,972,032</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue - Current Property Taxes	\$ 9,416,177	\$ 3,792,948
Total Deferred Inflows of Resources	<u>\$ 9,416,177</u>	<u>\$ 3,792,948</u>

(Continued)

Exhibit A

Warren County, Tennessee
Statement of Net Position (Cont.)

	Primary Government Governmental Activities	Component Unit <u>Warren County School Department</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 36,213,559	\$ 46,261,050
Restricted for:		
Drug Control	179,036	0
Highway/Public Works	1,282,183	0
Central Cafeteria	0	1,214,497
Debt Service	3,143,388	0
General Capital Projects	83,699	0
Education Capital Projects	80	0
Other Purposes	1,426,135	139,319
Unrestricted	<u>(1,005,749)</u>	<u>3,399,387</u>
Total Net Position	<u>\$ 41,322,331</u>	<u>\$ 51,014,253</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Warren County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						Warren County School Department
	Expenses	Program Revenues			Primary		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Total	Governmental Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,490,940	\$ 469,175	\$ 241,297	\$ 0	\$ (780,468)	\$ 0	0
Finance	1,368,453	979,304	0	0	(389,149)	0	0
Administration of Justice	1,360,275	927,010	4,500	0	(428,765)	0	0
Public Safety	5,677,402	1,703,994	115,954	0	(3,857,454)	0	0
Public Health and Welfare	4,885,479	1,965,566	722,621	0	(2,197,292)	0	0
Social, Cultural, and Recreational Services	155,750	550	0	0	(155,200)	0	0
Agriculture and Natural Resources	184,185	0	284,158	0	99,973	0	0
Other Operations	1,252,289	235,613	420,790	0	(595,886)	0	0
Highways/Public Works	2,390,354	0	1,766,983	138,527	(484,844)	0	0
Education (Self-Insurance)	804,744	378,702	0	0	(426,042)	0	0
Education (Contributions)	543,553	0	0	0	(543,553)	0	0
Interest on Long-term Debt	1,043,623	0	0	0	(1,043,623)	0	0
Other Debt Service	86,230	0	0	0	(86,230)	0	0
Total Primary Government	\$ 21,243,278	\$ 6,659,914	\$ 3,556,303	\$ 138,527	\$ (10,888,534)	\$ 0	0
Component Unit:							
School Department	\$ 55,470,860	\$ 795,123	\$ 5,995,622	\$ 543,553	\$ 0	\$ (48,136,562)	0

(Continued)

Exhibit B

Warren County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
					Primary Government Total	Warren County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 4,445,783	\$ 3,746,923	
Property Taxes Levied for Debt Service				4,874,772	0	
Local Option Sales Taxes				235,188	7,503,929	
Wheel Tax				1,040,981	0	
Litigation Taxes				201,413	0	
Business Tax				280,912	0	
Wholesale Beer Tax				197,336	0	
Other Local Taxes				88,093	0	
Grants and Contributions Not Restricted to Specific Programs				1,332,043	34,748,559	
Unrestricted Investment Earnings				282,054	2,435	
Miscellaneous				91,280	99,102	
Special Item - Tax Credit on Bond Rebate				450,864	0	
Total General Revenues				\$ 13,520,719	\$ 46,100,948	
Insurance Recovery				\$ 31,204	\$ 0	
Change in Net Position				\$ 2,663,389	\$ (2,035,614)	
Reclassification				(19,288)	0	
Restatement				(206,482)	0	
Net Position, July 1, 2012				38,884,712	53,049,867	
Net Position, June 30, 2013				\$ 41,322,331	\$ 51,014,253	

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Warren County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	325	0	0	0	155,142	0	\$ 155,142
	3,857,425	267,494	1,629,041	7,676,714	1,496,162		14,926,836
	68,354	1,338,860	0	41,055	1,704		1,449,973
	0	(275,319)	0	0	0		(275,319)
	469,650	155	447,863	39,868	6,242		963,778
	554,754	155	2,211	668	0		557,788
	61,185	0	0	0	0		61,185
	6,678,120	1,393,213	574,592	1,013,758	557,285		10,216,968
	(220,671)	(38,801)	(20,619)	(71,026)	(15,520)		(366,637)
	0	0	0	424,562	0		424,562
	0	0	0	484,330	0		484,330
\$	11,469,142	2,685,757	2,633,088	9,609,929	2,201,015		28,598,931

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Allowance for Uncollectibles
Due from Other Governments
Due from Other Funds
Due from Component Units
Property Taxes Receivable
Allowance for Uncollectible Property Taxes
Notes Receivable - Current
Notes Receivable - Long-term

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Due to Other Funds
Due to Component Units
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Other Deferred/Unavailable Revenue
Total Deferred Inflows of Resources

(Continued)

Exhibit C-1

Warren County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Restricted:							
Restricted for General Government	\$ 1,110,878	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,110,878
Restricted for Administration of Justice	289,789	0	0	0	0	0	289,789
Restricted for Public Safety	17,315	0	0	0	179,036	0	196,351
Restricted for Other Operations	8,153	0	0	0	83,699	0	91,852
Restricted for Highways/Public Works	0	0	1,113,242	0	0	0	1,113,242
Restricted for Debt Service	0	0	0	3,070,514	0	0	3,070,514
Restricted for Capital Projects	0	0	0	0	80	0	80
Committed:							
Committed for General Government	0	0	0	0	6,410	0	6,410
Committed for Finance	0	0	0	0	60,824	0	60,824
Committed for Administration of Justice	0	0	0	0	75,574	0	75,574
Committed for Public Safety	83,371	0	0	0	0	0	83,371
Committed for Public Health and Welfare	0	339,931	0	0	670,915	0	1,010,846
Committed for Highways/Public Works	0	0	228,926	0	0	0	228,926
Committed for Debt Service	0	0	0	5,589,948	0	0	5,589,948
Assigned:							
Assigned for General Government	1,500	0	0	0	0	0	1,500
Assigned for Highways/Public Works	0	0	511,950	0	0	0	511,950
Unassigned	3,176,694	0	0	0	0	0	3,176,694
Total Fund Balances	\$ 4,687,700	\$ 339,931	\$ 1,854,118	\$ 8,660,462	\$ 1,076,538	\$ 0	\$ 16,618,749
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,469,142	\$ 2,685,757	\$ 2,633,088	\$ 9,609,929	\$ 2,201,015	\$ 0	\$ 28,598,931

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Warren County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,618,749
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,044,877	
Add: intangibles	6,201,919	
Add: buildings and improvements net of accumulated depreciation	8,231,192	
Add: infrastructure net of accumulated depreciation	23,078,554	
Add: other capital assets net of accumulated depreciation	<u>3,035,065</u>	42,591,607
(2) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,427,441
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (156,666)	
Less: bonds payable	(20,831,107)	
Add: deferred amount on refunding	15,508	
Less: compensated absences payable	(251,078)	
Less: other postemployment benefits liability	(344,731)	
Less: accrued interest payable on bonds	(80,314)	
Less: other deferred revenue - premium on debt	<u>(175,388)</u>	(21,823,776)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,508,310</u>
Net position of governmental activities (Exhibit A)		<u>\$ 41,322,331</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Warren County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 6,076,092	\$ 691,238	\$ 605,471	\$ 4,219,646	\$ 402,311	\$ 11,994,758	
Licenses and Permits	211,337	0	0	0	0	211,337	
Fines, Forfeitures, and Penalties	258,411	0	0	0	95,647	354,058	
Charges for Current Services	125,853	1,899,632	0	0	842,950	2,868,435	
Other Local Revenues	430,268	623	15,634	251,645	63,778	761,948	
Fees Received from County Officials	855,414	0	0	0	0	855,414	
State of Tennessee	2,735,284	0	1,933,070	0	467,912	5,136,266	
Federal Government	932,096	19,712	0	0	0	951,808	
Other Governments and Citizens Groups	226,133	0	0	0	250	226,383	
Total Revenues	\$ 11,850,888	\$ 2,611,205	\$ 2,554,175	\$ 4,471,291	\$ 1,872,848	\$ 23,360,407	
Expenditures							
Current:							
General Government	\$ 1,416,719	\$ 0	\$ 0	\$ 0	\$ 145,749	\$ 1,562,468	
Finance	701,266	0	0	0	428,538	1,129,804	
Administration of Justice	818,062	0	0	0	304,831	1,122,893	
Public Safety	5,167,697	64,358	0	0	141,079	5,373,134	
Public Health and Welfare	1,241,203	2,705,850	0	0	938,700	4,885,753	
Social, Cultural, and Recreational Services	155,750	0	0	0	0	155,750	
Agriculture and Natural Resources	183,671	0	0	0	0	183,671	
Other Operations	1,761,215	0	0	0	0	1,761,215	
Highways	0	0	2,647,351	0	0	2,647,351	
Debt Service:							
Principal on Debt	0	0	0	3,273,729	0	3,273,729	
Interest on Debt	0	0	0	1,049,186	0	1,049,186	
Other Debt Service	0	0	0	83,361	0	83,361	
Capital Projects - Donated	0	0	0	0	543,553	543,553	
Total Expenditures	\$ 11,445,583	\$ 2,770,208	\$ 2,647,351	\$ 4,406,276	\$ 2,502,450	\$ 23,771,868	
Excess (Deficiency) of Revenues Over Expenditures	\$ 405,305	\$ (159,003)	\$ (93,176)	\$ 65,015	\$ (629,602)	\$ (411,461)	

(Continued)

Exhibit C-3

Warren County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway/ Public Works	General Debt Service	Other	Gov- ern- men- tal Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 135,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,000
Insurance Recovery	0	16,204	15,000	0	0	0	31,204
Total Other Financing Sources (Uses)	\$ 135,000	\$ 16,204	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 166,204
Net Change in Fund Balances	\$ 540,305	\$ (142,799)	\$ (78,176)	\$ 65,015	\$ (629,602)	\$ (19,288)	\$ (245,257)
Reclassification	0	0	0	0	(19,288)		(19,288)
Fund Balance, July 1, 2012	4,147,395	482,730	1,932,294	8,595,447	1,725,428		16,883,294
Fund Balance, June 30, 2013	\$ 4,687,700	\$ 339,931	\$ 1,854,118	\$ 8,660,462	\$ 1,076,538	\$	\$ 16,618,749

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Warren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(245,257)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,420,774	
Less: current-year depreciation expense		<u>(1,456,574)</u>	(35,800)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	1,508,310	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(1,429,446)</u>	78,864
(3) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Less: note proceeds	\$	(135,000)	
Add: change in premium on debt issuances		27,254	
Add: principal payments on notes		623,424	
Add: principal payments on bonds		2,650,305	
Less: change in deferred amount on refunding debt		<u>(2,869)</u>	3,163,114
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest payable	\$	5,563	
Change in compensated absences payable		(9,844)	
Change in other postemployment benefits liability		<u>(68,673)</u>	(72,954)
(5) The internal service fund is used by management to charge the cost of liability and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities in the statement of activities.			
			<u>(224,578)</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>2,663,389</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,076,092	\$ 5,730,115	\$ 5,746,315	\$ 329,777
Licenses and Permits	211,337	187,000	187,000	24,337
Fines, Forfeitures, and Penalties	258,411	203,990	203,990	54,421
Charges for Current Services	125,853	86,300	86,600	39,253
Other Local Revenues	430,268	411,100	411,100	19,168
Fees Received from County Officials	855,414	550,000	550,000	305,414
State of Tennessee	2,735,284	2,486,011	2,795,911	(60,627)
Federal Government	932,096	915,300	916,775	15,321
Other Governments and Citizens Groups	226,133	200,000	200,000	26,133
Total Revenues	\$ 11,850,888	\$ 10,769,816	\$ 11,097,691	\$ 753,197
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 186,602	\$ 226,700	\$ 226,700	\$ 40,098
Board of Equalization	6,620	11,400	11,400	4,780
County Mayor/Executive	128,034	130,544	130,544	2,510
County Attorney	89,875	140,000	140,000	50,125
Election Commission	266,952	275,649	275,649	8,697
Register of Deeds	8,908	9,000	9,000	92
Development	322	500	500	178
Planning	11,495	15,480	15,480	3,985
Codes Compliance	45,510	52,695	52,695	7,185
County Buildings	157,044	201,539	201,539	44,495
Other Facilities	272,659	186,143	411,143	138,484
Other General Administration	241,181	272,500	272,500	31,319
Preservation of Records	1,517	0	1,725	208
<u>Finance</u>				
Accounting and Budgeting	401,864	435,740	435,740	33,876
Purchasing	3,072	10,000	10,000	6,928
Property Assessor's Office	271,011	295,428	295,428	24,417
County Trustee's Office	25,319	34,000	34,000	8,681
<u>Administration of Justice</u>				
Circuit Court	54,921	99,650	99,650	44,729
General Sessions Court	251,515	243,950	260,150	8,635
Drug Court	76,374	90,284	90,284	13,910
Chancery Court	179,645	183,097	185,597	5,952
Juvenile Court	140,305	140,578	140,578	273
Judicial Commissioners	87,302	98,883	98,883	11,581
Victims Assistance Programs	28,000	0	28,000	0
<u>Public Safety</u>				
Sheriff's Department	2,507,613	2,579,752	2,580,952	73,339
Administration of the Sexual Offender Registry	1,723	3,000	3,000	1,277
Jail	2,490,771	2,554,834	2,854,834	364,063
Juvenile Services	14,190	50,000	50,000	35,810
County Coroner/Medical Examiner	2,400	6,000	6,000	3,600
Public Safety Grant Programs	0	0	6,250	6,250
Other Public Safety	151,000	153,000	153,000	2,000

(Continued)

Exhibit C-5

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
 General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 71,029	\$ 78,696	\$ 78,696	\$ 7,667
Rabies and Animal Control	62,207	75,089	75,089	12,882
Alcohol and Drug Programs	42,127	51,475	51,475	9,348
Other Local Health Services	569,912	694,100	694,100	124,188
Regional Mental Health Center	4,215	4,250	4,250	35
Appropriation to State	52,203	52,203	52,203	0
General Welfare Assistance	2,688	3,000	3,000	312
Other Local Welfare Services	370,863	400,000	400,000	29,137
Other Public Health and Welfare	65,959	77,673	77,673	11,714
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	9,750	10,500	10,500	750
Libraries	116,000	116,000	116,000	0
Parks and Fair Boards	30,000	5,000	30,000	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	98,814	106,763	106,763	7,949
Forest Service	2,000	2,000	2,000	0
Soil Conservation	82,857	83,411	83,411	554
<u>Other Operations</u>				
Tourism	5,000	5,000	5,000	0
Industrial Development	250,000	250,000	250,000	0
Airport	717,472	1,435,631	1,435,631	718,159
Veterans' Services	17,747	24,413	24,413	6,666
Other Charges	508,413	613,000	613,000	104,587
Contributions to Other Agencies	5,500	5,500	5,500	0
Employee Benefits	255,083	305,000	305,000	49,917
Miscellaneous	2,000	45,000	45,000	43,000
Total Expenditures	\$ 11,445,583	\$ 12,944,050	\$ 13,549,925	\$ 2,104,342
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 405,305	\$ (2,174,234)	\$ (2,452,234)	\$ 2,857,539
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 135,000	\$ 135,000	\$ 135,000	\$ 0
Total Other Financing Sources	\$ 135,000	\$ 135,000	\$ 135,000	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2012	\$ 540,305	\$ (2,039,234)	\$ (2,317,234)	\$ 2,857,539
	4,147,395	2,773,596	2,773,596	1,373,799
Fund Balance, June 30, 2013				
	\$ 4,687,700	\$ 734,362	\$ 456,362	\$ 4,231,338

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 691,238	\$ 668,750	\$ 682,750	\$ 8,488
Charges for Current Services	1,899,632	1,800,000	1,830,000	69,632
Other Local Revenues	623	0	0	623
Federal Government	19,712	18,000	18,000	1,712
Total Revenues	<u>\$ 2,611,205</u>	<u>\$ 2,486,750</u>	<u>\$ 2,530,750</u>	<u>\$ 80,455</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Civil Defense	\$ 38,448	\$ 63,493	\$ 63,493	\$ 25,045
Rescue Squad	25,910	25,910	25,910	0
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	2,705,850	2,646,766	2,740,766	34,916
Total Expenditures	<u>\$ 2,770,208</u>	<u>\$ 2,736,169</u>	<u>\$ 2,830,169</u>	<u>\$ 59,961</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (159,003)</u>	<u>\$ (249,419)</u>	<u>\$ (299,419)</u>	<u>\$ 140,416</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 16,204	\$ 0	\$ 0	\$ 16,204
Total Other Financing Sources	<u>\$ 16,204</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,204</u>
Net Change in Fund Balance	\$ (142,799)	\$ (249,419)	\$ (299,419)	\$ 156,620
Fund Balance, July 1, 2012	<u>482,730</u>	<u>429,335</u>	<u>429,335</u>	<u>53,395</u>
Fund Balance, June 30, 2013	<u>\$ 339,931</u>	<u>\$ 179,916</u>	<u>\$ 129,916</u>	<u>\$ 210,015</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-7

Warren County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 605,471	\$ 599,717	\$ 603,977	\$ 1,494
Other Local Revenues	15,634	1,000	1,000	14,634
State of Tennessee	1,933,070	2,066,000	2,066,000	(132,930)
Total Revenues	<u>\$ 2,554,175</u>	<u>\$ 2,666,717</u>	<u>\$ 2,670,977</u>	<u>\$ (116,802)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 154,444	\$ 198,609	\$ 198,609	\$ 44,165
Highway and Bridge Maintenance	1,621,574	1,926,250	1,926,250	304,676
Operation and Maintenance of Equipment	163,646	215,500	215,500	51,854
Other Charges	134,860	168,350	168,350	33,490
Employee Benefits	115,431	167,155	167,155	51,724
Capital Outlay	457,396	768,000	843,000	385,604
Total Expenditures	<u>\$ 2,647,351</u>	<u>\$ 3,443,864</u>	<u>\$ 3,518,864</u>	<u>\$ 871,513</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (93,176)</u>	<u>\$ (777,147)</u>	<u>\$ (847,887)</u>	<u>\$ 754,711</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Total Other Financing Sources	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,000</u>
Net Change in Fund Balance	\$ (78,176)	\$ (777,147)	\$ (847,887)	\$ 769,711
Fund Balance, July 1, 2012	1,932,294	1,506,911	1,506,911	425,383
Fund Balance, June 30, 2013	<u>\$ 1,854,118</u>	<u>\$ 729,764</u>	<u>\$ 659,024</u>	<u>\$ 1,195,094</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Warren County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	<u>Governmental Activities - Internal Service Fund Self-Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 15,987
Equity in Pooled Cash and Investments	5,958,881
Total Assets	<u>\$ 5,974,868</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims and Judgments Payable	\$ 3,547,427
Total Liabilities	<u>\$ 3,547,427</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 2,427,441</u>
Total Net Position	<u><u>\$ 2,427,441</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Warren County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund <u>Self-Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 901,791
Total Operating Revenues	<u>\$ 901,791</u>
<u>Operating Expenses</u>	
Other Contracted Services	\$ 76,925
Boiler Insurance	10,360
Building and Contents Insurance	153,838
Excess Liability Insurance	87,381
Workers' Compensation Insurance	97,150
Other Self-Insured Claims	724,276
Other Charges	6,675
Total Operating Expenses	<u>\$ 1,156,605</u>
Operating Income (Loss)	<u>\$ (254,814)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 30,236
Total Nonoperating Revenue	<u>\$ 30,236</u>
Change in Net Position	\$ (224,578)
Net Position, July 1, 2012	<u>2,652,019</u>
Net Position, June 30, 2013	<u><u>\$ 2,427,441</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Warren County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund <hr/> Self-Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Self-Insurance Premiums/Contributions	\$ 901,791
Other Contracted Services	(76,925)
Insurance Premiums	(348,729)
Other Self-Insured Claims	(575,679)
Other Charges	(6,675)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ (106,217)
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 30,236
Net Cash Provided By (Used In) Investing Activities	<hr/> \$ 30,236
Net Increase (Decrease) in Cash	\$ (75,981)
Cash, July 1, 2012	<hr/> 6,050,849
Cash, June 30, 2013	<hr/> <hr/> \$ 5,974,868
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (254,814)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Claims and Judgments Payable	<hr/> 148,597
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ (106,217)
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 15,987
Equity in Pooled Cash and Investments Per Net Position	<hr/> 5,958,881
Cash, June 30, 2013	<hr/> <hr/> \$ 5,974,868

The notes to the financial statements are an integral part of this statement.

Exhibit E

Warren County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,044,379
Equity in Pooled Cash and Investments	49,443
Accounts Receivable	10,000
Due from Other Governments	<u>346,445</u>
Total Assets	<u>\$ 2,450,267</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 346,445
Due to Litigants, Heirs, and Others	2,078,561
Due to State of Tennessee	522
Due to Joint Ventures	<u>24,739</u>
Total Liabilities	<u>\$ 2,450,267</u>

The notes to the financial statements are an integral part of this statement.

WARREN COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	44
B. Government-wide and Fund Financial Statements	45
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	46
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	49
2. Receivables and Payables	49
3. Inventories	50
4. Capital Assets	50
5. Deferred Outflows/Inflows of Resources	51
6. Compensated Absences	52
7. Long-term Obligations	52
8. Net Position and Fund Balance	53
9. Restatement	55
10. Reclassification	55
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	55
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	56
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	56
B. Cash Shortage	57
C. Expenditures Exceeded Appropriations	57
IV. Detailed Notes on All Funds	
A. Deposits and Investments	58
B. Notes Receivable	59
C. Capital Assets	60
D. Interfund Receivables, Payables, and Transfers	62
E. Long-term Obligations	63
F. On-Behalf Payments	66

WARREN COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	66
B. Accounting Changes	68
C. Subsequent Event	69
D. Contingent Liabilities	69
E. Change in Administration	69
F. Joint Ventures	69
G. Jointly Governed Organization	70
H. Retirement Commitments	71
I. Other Postemployment Benefits	74
J. Office of Central Accounting, Budgeting, and Purchasing	76
K. Purchasing Laws	76

WARREN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Warren County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Warren County:

A. Reporting Entity

Warren County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Warren County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Warren County School Department operates the public school system in the county, and the voters of Warren County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Warren County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Warren County, and the Warren County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Warren County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Warren County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

contents. Complete financial statements of the Warren County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Warren County Emergency Communications District
902 Bridge Builder Road
McMinnville, TN 37110

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Warren County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Warren County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Warren County issues all debt for the discretely presented Warren County School Department. During the year ended June 30, 2013, debt proceeds of \$543,553 were contributed by the county to the School Department. The remaining debt proceeds are being held in the Education Capital Projects Fund – Morrison and contributed to the School Department as needed for school construction.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the

government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Warren County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Warren County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Warren County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Warren County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Ambulance Service Fund – This special revenue fund accounts for transactions relating to the county-operated ambulance service. Property taxes and patient charges are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes and property taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Warren County reports the following fund types:

Capital Projects Funds – These funds are used to account for and report financial resources that are used for the acquisition or construction of capital facilities and other capital assets or to account for debt issued by Warren County that is subsequently contributed to the discretely presented Warren County School Department for construction and renovation projects.

Internal Service Fund – The Self-Insurance Fund accounts for the county’s self-insurance program. Premiums charged to the various county funds are placed in this fund for the payment of claims against the county not covered by excess risk insurance coverage.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Warren County, federal grants/loans received and forwarded to a local utility district in the county, and state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Warren County School Department reports the following major governmental funds:

General Purpose School Fund – This is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Federal funds and lunch sales are the foundational revenues of this fund.

Additionally, the Warren County School Department reports the following fund type:

Capital Projects Fund – The Education Capital Projects Fund is used to account for construction projects for the School Department.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund used to account for the county's self-insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are self-insurance premiums/contributions. Operating expenses for the internal service fund include the purchase of commercial insurance and various claims.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/ Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash in bank and cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Warren County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Warren County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported as the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property tax receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for

uncollectible property taxes is equal to 1.93 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Claims and judgments payable totaling \$3,547,427 are discussed in Note V.A., Risk Management.

3. Inventories

Inventories of Warren County are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are

reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$10,000 or more. Capital assets are defined by the Warren County School Department as assets with an initial, individual cost of \$25,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	25 - 50
Bridges	75

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Warren County had no deferred outflows of resources to report at June 30, 2013.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental

funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

The county's vacation policy does not allow for the accumulation of unused vacation days beyond the employee's anniversary date. Sick leave policies vary from department to department. Employees of the general government may accumulate unlimited sick leave days based upon earning one day per month. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. The general policy of the Highway Department allows for the accumulation of unlimited sick leave days based upon earning one day per month. Any unused accumulated sick leave would be paid to the employee when employment with the Highway Department ceases. The general policy of the Ambulance Service allows full-time employees to earn and accumulate paid time off, which may be used as vacation and/or sick leave. Employees earn paid time off at rates based on length of employment. Employees are allowed to accumulate up to one year's worth of paid time off.

General policy of the discretely presented Warren County School Department does not allow for the accumulation of vacation days beyond the calendar year-end. All professional personnel (teachers) are allowed to accumulate unlimited sick leave days. Professional personnel enrolled in the Tennessee Consolidated Retirement System can be paid \$40 a day for up to 240 days if the Board of Education is notified by June 30 of their plans to retire. Any sick leave over 240 days is applied toward the employee's retirement service. All non-professional employees are paid for all sick leave upon termination of employment. A liability for sick leave pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirement.

All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented Warren County School Department. A liability for vacation pay is recorded in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is

reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$1,426,135, with the primary restrictions being for: (1) alcohol and drug treatment (\$202,387);

(2) litter enforcement awards (\$8,153); (3) drug court (\$87,402); (4) sexual offender registration (\$17,315); and (5) tax credit bond rebate (\$1,110,878). On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the discretely presented School Department consists of various restrictions totaling \$139,319 with the primary restrictions being for: (1) drivers' education (\$105,672); and (2) career ladder extended contract (\$33,647).

As of June 30, 2013, Warren County had \$14,736,107 in outstanding debt for capital purposes for the discretely presented Warren County School Department. This debt is a liability of Warren County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Warren County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

9. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$206,482 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

10. Reclassification

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Warren County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Warren County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories,

but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, the discretely presented Warren County School Department reported the following significant encumbrances:

Funds	Description	Amount
Major Fund:		
General Purpose School	Books	\$ 123,702
"	School maintenance and renovation	843,747
"	Floor scrubbers and vacuums	38,684
"	Fuel	23,402
"	Copiers	14,031
"	Software	22,200

B. A Cash Shortage of \$20,791.67 existed at the Warren County Memorial Airport as of September 30, 2011

On September 11, 2012, our office issued a special investigative report on the Warren County Memorial Airport for the period July 1, 2007, through September 30, 2011. This report disclosed receipts issued that were not deposited with the county trustee, unpaid hangar rentals, and the use of aircraft fuel for personal benefit resulting in a cash shortage of \$20,791.67, as of September 30, 2011. This report is available at www.tn.gov/comptroller. On August 16, 2013, the former airport manager was indicted on one count of theft over \$10,000, 17 counts of forgery, and one count of official misconduct. This case is pending.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund by \$43,776. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Warren County and the Warren County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase

agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2013, Warren County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Warren County and the discretely presented Warren County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	11 to 138	\$ 13,078,076

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Warren County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Warren County has no investment policy that would further limit its investment choices. As of June 30, 2013, Warren County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

An agreement between Warren County and the West Warren-Viola Utility District requires the utility district to repay the county for principal and interest paid by the county on bonded debt for improvements made to water and sewer lines in the industrial park. The utility is required to remit 70 percent of certain industrial park revenues until this debt is repaid. As of June 30, 2013, the outstanding balance was \$908,892. This amount has been reflected in the financial statements of this report as Notes Receivable – Current (\$424,562) and Notes Receivable – Long-term (\$484,330) in the General Debt Service Fund.

C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	\$ 2,044,877	\$ 0	\$ 2,044,877
Intangible Assets	6,201,919	0	6,201,919
Construction in Progress	0	0	0
Total Capital Assets Not Depreciated	\$ 8,246,796	\$ 0	\$ 8,246,796
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,312,211	\$ 0	\$ 10,312,211
Roads and Bridges	39,382,364	1,189,130	40,571,494
Other Capital Assets	7,125,230	231,644	7,356,874
Total Capital Assets Depreciated	\$ 56,819,805	\$ 1,420,774	\$ 58,240,579
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,886,217	\$ 194,802	\$ 2,081,019
Roads and Bridges	16,633,269	859,671	17,492,940
Other Capital Assets	3,919,708	402,101	4,321,809
Total Accumulated Depreciation	\$ 22,439,194	\$ 1,456,574	\$ 23,895,768
Total Capital Assets Depreciated, Net	\$ 34,380,611	\$ (35,800)	\$ 34,344,811
Governmental Activities Capital Assets, Net	\$ 42,627,407	\$ (35,800)	\$ 42,591,607

There were no decreases in capital assets to report during the year ended June 30, 2013.

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 38,418
Finance	1,065
Administration of Justice	11,678
Public Safety	244,017
Public Health and Welfare	168,111
Other Operations	47,011
Highways/Public Works	<u>946,274</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,456,574</u>

Discretely Presented Warren County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,929,936	\$ 0	\$ 0	\$ 1,929,936
Construction in Progress	15,212,254	0	(15,212,254)	0
Total Capital Assets Not Depreciated	<u>\$ 17,142,190</u>	<u>\$ 0</u>	<u>\$ (15,212,254)</u>	<u>\$ 1,929,936</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 59,582,651	\$ 15,212,254	\$ (47,977)	\$ 74,746,928
Other Capital Assets	4,574,933	0	(111,667)	4,463,266
Total Capital Assets Depreciated	<u>\$ 64,157,584</u>	<u>\$ 15,212,254</u>	<u>\$ (159,644)</u>	<u>\$ 79,210,194</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 30,187,144	\$ 1,461,931	\$ (25,787)	\$ 31,623,288
Other Capital Assets	3,052,041	315,418	(111,667)	3,255,792
Total Accumulated Depreciation	<u>\$ 33,239,185</u>	<u>\$ 1,777,349</u>	<u>\$ (137,454)</u>	<u>\$ 34,879,080</u>
Total Capital Assets Depreciated, Net	<u>\$ 30,918,399</u>	<u>\$ 13,434,905</u>	<u>\$ (22,190)</u>	<u>\$ 44,331,114</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,060,589</u>	<u>\$ 13,434,905</u>	<u>\$ (15,234,444)</u>	<u>\$ 46,261,050</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

Instruction	\$ 1,435,366
Support Services	<u>341,983</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,777,349</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 554,336
"	Ambulance Service	418
Ambulance Service	Nonmajor governmental	155
Highway/Public Works	"	11
General Debt Service	"	668
Highway/Public Works	General	2,200

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit: General Purpose School	\$ 61,185
Component Unit:		
General Purpose School	Primary Government: General	625

The \$61,185 is to reimburse the General Fund for the salary and benefits of the school resource officer. The \$625 is for an error correction.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amount:

Discretely Presented Warren County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
School Federal Projects Fund	\$ 4,428

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Warren County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to three years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2013, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-13</u>
General Obligation Bonds	0 to 5.45 %	6-1-30	\$ 15,300,000	\$ 14,236,107
General Obligation Bonds Refunding	2 to 4	6-1-22	10,265,000	6,595,000
Capital Outlay Notes	1.98 to 2.64	6-30-15	335,000	156,666

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 111,666	\$ 3,470	\$ 115,136
2015	45,000	891	45,891
Total	<u>\$ 156,666</u>	<u>\$ 4,361</u>	<u>\$ 161,027</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 1,770,306	\$ 963,772	\$ 2,734,078
2015	1,455,305	929,171	2,384,476
2016	1,485,306	902,787	2,388,093
2017	1,520,305	874,796	2,395,101
2018	1,555,306	841,012	2,396,318
2019-2023	7,571,527	3,587,004	11,158,531
2024-2028	4,518,052	2,434,435	6,952,487
2029-2030	955,000	78,009	1,033,009
Total	<u>\$ 20,831,107</u>	<u>\$ 10,610,986</u>	<u>\$ 31,442,093</u>

There is \$8,660,462 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$527, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2012	\$ 23,481,412	\$ 645,090
Additions	0	135,000
Reductions	(2,650,305)	(623,424)
Balance, June 30, 2013	<u>\$ 20,831,107</u>	<u>\$ 156,666</u>
Balance Due Within One Year	<u>\$ 1,770,306</u>	<u>\$ 111,666</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 241,234	\$ 276,058
Additions	402,807	72,321
Reductions	(392,963)	(3,648)
Balance, June 30, 2013	<u>\$ 251,078</u>	<u>\$ 344,731</u>
Balance Due Within One Year	<u>\$ 163,202</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 21,583,582
Less: Balance Due Within One Year	(2,045,174)
Add: Unamortized Premium on Debt	175,388
Less: Deferred Amount on Refunding	<u>(15,508)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 19,698,288</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Defeasance of Prior-year Debt

In prior years, Warren County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2013, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2005 Public Improvements - Centertown School	\$ 550,000

Discretely Presented Warren County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Warren County School Department for the year ended June 30, 2013, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 2,164,460	\$ 1,573,573
Additions	775,995	643,130
Reductions	(686,694)	(146,181)
Balance, June 30, 2013	<u>\$ 2,253,761</u>	<u>\$ 2,070,522</u>
Balance Due Within One Year	<u>\$ 112,688</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 4,324,283
Less: Balance Due Within One Year	<u>(112,688)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,211,595</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments – Discretely Presented Warren County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Warren County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$159,387 and \$58,760, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Warren County's risk of loss relating to property, general liability, automobile liability, and workers' compensation are covered through a self-insurance program, and by the purchase of commercial insurance to

cover losses exceeding certain limits. The county is self-insured for individual property losses up to \$350,000. The county carries excess commercial coverage on buildings and contents totaling \$204,801,458. The county is self-insured up to the liability limits of \$300,000 per person, \$700,000 per occurrence for bodily injury, and \$100,000 for property damage. Warren County self-insures workers' compensation losses of \$500,000 per accident or disease with an aggregate liability of \$1 million. The county carries commercial liability insurance coverage for losses up to \$10 million, with a \$350,000 deductible. Warren County maintains the Self-Insurance Fund, which is shown as an internal service fund, to account for transactions pertaining to the county's self-insured group liability and property plans. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes the claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current- year Claims and Estimates	Payments	Balance at Fiscal Year-end
2011-2012	\$ 2,417,612	\$ 1,449,446	\$ (468,228)	\$ 3,398,830
2012-2013	3,398,830	724,276	(575,679)	3,547,427

Warren County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Warren County School Department

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local

education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Warren County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and

liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Event

On July 15, 2013, the County Commission approved capital outlay notes totaling \$253,252 to upgrade the HVAC system at the Warren County Middle School. These notes have not been issued as of the date of this report.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Change in Administration

On August 31, 2012, Carolyn Miller left the Office of Assessor of Property and was succeeded by Beth Martin.

F. Joint Ventures

The Industrial Development Board of McMinnville-Warren County is a joint venture in which the county and the City of McMinnville participate for the purpose of industrial recruitment. The Industrial Development Board is governed by a nine-member board from the private sector appointed by the participating governments. During the year ended June 30, 2013, the county paid \$150,000 to the Industrial Development Board of McMinnville-Warren County.

The Warren County Joint Economic and Community Development Board is a joint venture created by an interlocal agreement between Warren County, and the cities of McMinnville, Morrison, Centertown, and Viola to foster communication relative to economic and community development between

and among governmental entities, industry, and private citizens. The board is governed by a 12-member board established by the interlocal agreement. During the year ended June 30, 2013, the county did not make a contribution to the Warren County Joint Economic and Community Development Board.

Warren County is a participant with Coffee, Cannon, and Rutherford counties in a multi-county Municipal Solid Waste Planning Region. This entity was created to promote the preparation of municipal solid waste regional plans to effectively and efficiently manage solid waste. This entity is governed by a 13-member board comprising appointees from Cannon County (2), Coffee County (2), Rutherford County (3), Warren County (2), the City of Manchester (1), the City of McMinnville (1), the City of Murfreesboro (1), and the City of Woodbury (1). Funding is provided from member contributions and grants. There are no separately issued financial statements for the Municipal Solid Waste Planning Region. Rutherford County has been designated as the fiscal agent for the Planning Region and accounts for its activities through the Joint Venture Fund (agency fund), which is included in the financial statements reflected in Rutherford County's comprehensive annual financial report.

Warren County does not have an equity interest in the above-noted joint ventures. Complete financial statements for the Industrial Development Board of McMinnville-Warren County, the Warren County Joint Economic and Community Development Board, and the Municipal Solid Waste Planning Region can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Industrial Development Board of McMinnville-Warren County
110 South Court Square, Suite A200
McMinnville, TN 37110

Warren County Joint Economic and Community
Development Board
P.O. Box 639
201 Locust Street, Suite 1
McMinnville, TN 37110

Municipal Solid Waste Planning Region
c/o Ernest Burgess, Rutherford County Mayor
County Courthouse, Room 101
Murfreesboro, TN 37130

G. Jointly Governed Organization

The Tri-County Railroad Authority is jointly operated by Warren County in conjunction with Coffee and White counties. The authority's board comprises the county mayor of each county and one member selected by the governing

body of each county; however, the counties do not have any ongoing financial interest or responsibility for the entity.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of Warren County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Warren County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Warren County has adopted a noncontributory plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 13.46 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Warren County’s annual pension cost of \$1,851,819 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$1,851,819	100%	\$0
6-30-12	1,852,354	100	0
6-30-11	1,943,320	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.56 percent funded. The actuarial accrued liability for benefits was \$35.05 million, and the actuarial value of assets was \$34.54 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.51 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.16 million, and the ratio of the UAAL to the covered payroll was 3.57 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Warren County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$2,190,337, \$2,216,446, and \$2,158,943, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The primary government and the discretely presented Warren County School Department offer their employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding the program are the responsibility of plan participants. The 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

I. Other Postemployment Benefits (OPEB)

Plan Description

Warren County and the Warren County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for teachers. Prior to reaching the age of 65, all members have the option of choosing between standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2013, the county and the discretely presented School Department contributed \$3,648 and \$146,181, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 73,000	\$ 647,000
Interest on the NOPEBO	11,042	62,943
Adjustment to the ARC	(11,721)	(66,813)
Annual OPEB cost	\$ 72,321	\$ 643,130
Amount of contribution	(3,648)	(146,181)
Increase/decrease in NOPEBO	\$ 68,673	\$ 496,949
Net OPEB obligation, 7-1-12	276,058	1,573,573
Net OPEB obligation, 6-30-13	\$ 344,731	\$ 2,070,522

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Government Group	\$ 94,287	7 %	\$ 208,184
6-30-12	"	71,488	5	276,058
6-30-13	"	72,321	5	344,731
6-30-11	Local Education Group	399,990	39	1,082,062
6-30-12	"	637,339	23	1,573,573
6-30-13	"	643,130	23	2,070,522

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 455,000	\$ 6,437,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 455,000	\$ 6,437,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 7,164,948	\$ 24,301,019
UAAL as a % of covered payroll	6%	26%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2007.

J. Office of Central Accounting, Budgeting, and Purchasing

Warren County began operating under the provisions of the County Financial Management System of 1981 on July 1, 2012. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

K. Purchasing Laws

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Warren County. All purchase orders are issued by the Finance Department. Purchases exceeding \$5,000 for the Office of County Executive and the discretely presented School Department and \$10,000 for the Office of Superintendent of Roads are required to be competitively bid.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Warren County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Warren County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 35,540	\$ 35,046	\$ 506	98.56%	\$ 14,157	3.57%
7-1-09	27,159	27,868	709	97.46	12,757	5.56
7-1-07	25,119	26,003	884	96.60	11,342	7.79

Exhibit F-2

Warren County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefit Plans
 Primary Government and Discretely Presented Warren County School Department
 June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group	7-1-09	\$ 0	\$ 575	\$ 575	0 %	\$ 3,556	16 %
"	7-1-10	0	620	620	0	3,857	16
"	7-1-11	0	455	455	0	7,165	6
Local Education Group	7-1-09	0	4,421	4,421	0	13,842	32
"	7-1-10	0	4,570	4,570	0	15,267	30
"	7-1-11	0	6,437	6,437	0	24,301	26

WARREN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

District Attorney General Fund – In prior years the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Education Capital Projects Fund - Morrison – The Education Capital Projects Fund - Morrison is used to account for debt issued by Warren County that is subsequently contributed to the discretely presented Warren County School Department for construction and renovation projects.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions associated with airport projects.

Exhibit G-1

Warren County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constit- utional Officers - Fees	Education Capital Projects - Morrison	Other Capital Projects	Total	
Cash	\$ 0	\$ 0	\$ 155,142	\$ 155,142	\$ 0	\$ 0	\$ 155,142
Equity in Pooled Cash and Investments	678,425	283,094	0	961,519	450,944	83,699	1,496,162
Accounts Receivable	1,649	0	55	1,704	0	0	1,704
Due from Other Governments	6,242	0	0	6,242	0	0	6,242
Property Taxes Receivable	557,285	0	0	557,285	0	0	557,285
Allowance for Uncollectible Property Taxes	(15,520)	0	0	(15,520)	0	0	(15,520)
Total Assets	\$ 1,228,081	\$ 283,094	\$ 155,197	\$ 1,666,372	\$ 450,944	\$ 83,699	\$ 2,201,015
Accounts Payable	\$ 5,400	\$ 13,913	\$ 0	\$ 19,313	\$ 0	\$ 0	\$ 19,313
Accrued Payroll	7,200	0	0	7,200	0	0	7,200
Payroll Deductions Payable	2,307	0	0	2,307	0	0	2,307
Due to Other Funds	1,772	90,145	12,389	104,306	450,864	0	555,170
Total Liabilities	\$ 16,679	\$ 104,058	\$ 12,389	\$ 133,126	\$ 450,864	\$ 0	\$ 583,990
Deferred Current Property Taxes	\$ 529,557	\$ 0	\$ 0	\$ 529,557	\$ 0	\$ 0	\$ 529,557
Deferred Delinquent Property Taxes	10,930	0	0	10,930	0	0	10,930
Total Deferred Inflows of Resources	\$ 540,487	\$ 0	\$ 0	\$ 540,487	\$ 0	\$ 0	\$ 540,487
Restricted:							
Restricted for Public Safety	\$ 0	\$ 179,036	\$ 0	\$ 179,036	\$ 0	\$ 0	\$ 179,036
Restricted for Other Operations	0	0	0	0	0	83,699	83,699
Restricted for Capital Projects	0	0	0	0	80	0	80
Committed:							
Committed for General Government	0	0	6,410	6,410	0	0	6,410
Committed for Finance	0	0	60,824	60,824	0	0	60,824
Committed for Administration of Justice	0	0	75,574	75,574	0	0	75,574
Committed for Public Health and Welfare	670,915	0	0	670,915	0	0	670,915
Total Fund Balances	\$ 670,915	\$ 179,036	\$ 142,808	\$ 992,759	\$ 80	\$ 83,699	\$ 1,076,538
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,228,081	\$ 283,094	\$ 155,197	\$ 1,666,372	\$ 450,944	\$ 83,699	\$ 2,201,015

Exhibit G-2

Warren County, Tennessee
Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney	Constitu- tional Officers - Fees	Total	Education Capital Projects - Morrison	Other Capital Projects	
<u>Revenues</u>								
Local Taxes	\$ 402,311	\$ 0	\$ 0	\$ 0	\$ 402,311	\$ 0	\$ 0	\$ 402,311
Fines, Forfeitures, and Penalties	0	95,647	0	0	95,647	0	0	95,647
Charges for Current Services	2,112	0	0	840,838	842,950	0	0	842,950
Other Local Revenues	63,575	0	0	0	63,575	107	96	63,778
State of Tennessee	467,912	0	0	0	467,912	0	0	467,912
Other Governments and Citizens Groups	0	250	0	0	250	0	0	250
Total Revenues	\$ 935,910	\$ 95,897	\$ 0	\$ 840,838	\$ 1,872,645	\$ 107	\$ 96	\$ 1,872,848
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 145,749	\$ 145,749	\$ 0	\$ 0	\$ 145,749
Finance	0	0	0	428,538	428,538	0	0	428,538
Administration of Justice	0	0	0	304,831	304,831	0	0	304,831
Public Safety	0	141,079	0	0	141,079	0	0	141,079
Public Health and Welfare	925,269	13,431	0	0	938,700	0	0	938,700
Capital Projects - Donated	0	0	0	0	0	543,553	0	543,553
Total Expenditures	\$ 925,269	\$ 154,510	\$ 0	\$ 879,118	\$ 1,958,897	\$ 543,553	\$ 0	\$ 2,502,450
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,641	\$ (58,613)	\$ 0	\$ (38,280)	\$ (86,252)	\$ (543,446)	\$ 96	\$ (629,602)
Net Change in Fund Balances	\$ 10,641	\$ (58,613)	\$ 0	\$ (38,280)	\$ (86,252)	\$ (543,446)	\$ 96	\$ (629,602)
Reclassification	0	0	(19,288)	0	(19,288)	0	0	(19,288)
Fund Balance, July 1, 2012	660,274	237,649	19,288	181,088	1,098,299	543,526	83,603	1,725,428
Fund Balance, June 30, 2013	\$ 670,915	\$ 179,036	\$ 0	\$ 142,808	\$ 992,759	\$ 80	\$ 83,699	\$ 1,076,538

Exhibit G-3

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 402,311	\$ 372,680	\$ 372,680	\$ 29,631
Charges for Current Services	2,112	1,000	1,000	1,112
Other Local Revenues	63,575	45,000	45,000	18,575
State of Tennessee	467,912	420,000	420,000	47,912
Total Revenues	<u>\$ 935,910</u>	<u>\$ 838,680</u>	<u>\$ 838,680</u>	<u>\$ 97,230</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 267,934	\$ 366,070	\$ 366,070	\$ 98,136
Convenience Centers	633,065	719,528	719,528	86,463
Other Waste Disposal	24,270	46,000	46,000	21,730
Total Expenditures	<u>\$ 925,269</u>	<u>\$ 1,131,598</u>	<u>\$ 1,131,598</u>	<u>\$ 206,329</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,641</u>	<u>\$ (292,918)</u>	<u>\$ (292,918)</u>	<u>\$ 303,559</u>
Net Change in Fund Balance	\$ 10,641	\$ (292,918)	\$ (292,918)	\$ 303,559
Fund Balance, July 1, 2012	<u>660,274</u>	<u>480,848</u>	<u>480,848</u>	<u>179,426</u>
Fund Balance, June 30, 2013	<u>\$ 670,915</u>	<u>\$ 187,930</u>	<u>\$ 187,930</u>	<u>\$ 482,985</u>

Exhibit G-4

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 95,647	\$ 100,000	\$ 100,000	\$ (4,353)
Other Governments and Citizens Groups	250	15,000	15,000	(14,750)
Total Revenues	<u>\$ 95,897</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ (19,103)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 141,079	\$ 203,650	\$ 203,650	\$ 62,571
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	13,431	16,500	16,500	3,069
Total Expenditures	<u>\$ 154,510</u>	<u>\$ 220,150</u>	<u>\$ 220,150</u>	<u>\$ 65,640</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (58,613)</u>	<u>\$ (105,150)</u>	<u>\$ (105,150)</u>	<u>\$ 46,537</u>
Net Change in Fund Balance	\$ (58,613)	\$ (105,150)	\$ (105,150)	\$ 46,537
Fund Balance, July 1, 2012	<u>237,649</u>	<u>208,919</u>	<u>208,919</u>	<u>28,730</u>
Fund Balance, June 30, 2013	<u>\$ 179,036</u>	<u>\$ 103,769</u>	<u>\$ 103,769</u>	<u>\$ 75,267</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Warren County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 General Debt Service Fund
 For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,219,646	\$ 3,905,284	\$ 3,920,784	\$ 298,862
Other Local Revenues	251,645	180,000	180,000	71,645
Other Governments and Citizens Groups	0	300,000	300,000	(300,000)
Total Revenues	<u>\$ 4,471,291</u>	<u>\$ 4,385,284</u>	<u>\$ 4,400,784</u>	<u>\$ 70,507</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 838,219	\$ 794,000	\$ 794,000	\$ (44,219)
Highways and Streets	46,871	47,000	47,000	129
Education	2,388,639	2,399,000	2,399,000	10,361
<u>Interest on Debt</u>				
General Government	239,003	246,000	246,000	6,997
Highways and Streets	1,302	3,000	3,000	1,698
Education	808,881	733,000	741,000	(67,881)
<u>Other Debt Service</u>				
General Government	75,921	125,000	125,000	49,079
Education	7,440	0	7,500	60
Total Expenditures	<u>\$ 4,406,276</u>	<u>\$ 4,347,000</u>	<u>\$ 4,362,500</u>	<u>\$ (43,776)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 65,015</u>	<u>\$ 38,284</u>	<u>\$ 38,284</u>	<u>\$ 26,731</u>
Net Change in Fund Balance	\$ 65,015	\$ 38,284	\$ 38,284	\$ 26,731
Fund Balance, July 1, 2012	<u>8,595,447</u>	<u>8,205,791</u>	<u>8,205,791</u>	<u>389,656</u>
Fund Balance, June 30, 2013	<u>\$ 8,660,462</u>	<u>\$ 8,244,075</u>	<u>\$ 8,244,075</u>	<u>\$ 416,387</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for pass-through grant funds on behalf of the West Warren Utility District for a waterline extension project in Warren County.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the Thirty-first Judicial District Drug Task Force. The Office of District Attorney General for the Thirty-first Judicial District is the only participating agency in the task force.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit I-1

Warren County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2013

	Agency Funds						Total
	Cities - Sales Tax	Community Develop- ment - Agency	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 2,044,379	\$ 0	\$ 0	\$ 0	\$ 2,044,379
Equity in Pooled Cash and Investments	0	522	0	24,739	24,182	0	49,443
Accounts Receivable	0	0	10,000	0	0	0	10,000
Due from Other Governments	346,445	0	0	0	0	0	346,445
Total Assets	\$ 346,445	\$ 522	\$ 2,054,379	\$ 24,739	\$ 24,182	\$ 0	\$ 2,450,267
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 346,445	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 346,445
Due to Litigants, Heirs, and Others	0	0	2,054,379	0	24,182	0	2,078,561
Due to State of Tennessee	0	522	0	0	0	0	522
Due to Joint Ventures	0	0	0	24,739	0	0	24,739
Total Liabilities	\$ 346,445	\$ 522	\$ 2,054,379	\$ 24,739	\$ 24,182	\$ 0	\$ 2,450,267

Exhibit I-2

Warren County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,005,694	\$ 2,005,694	\$ 0
Due from Other Governments	324,391	346,445	324,391	346,445
Total Assets	\$ 324,391	\$ 2,352,139	\$ 2,330,085	\$ 346,445
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 324,391	\$ 2,352,139	\$ 2,330,085	\$ 346,445
Total Liabilities	\$ 324,391	\$ 2,352,139	\$ 2,330,085	\$ 346,445
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 522	\$ 0	\$ 0	\$ 522
Total Assets	\$ 522	\$ 0	\$ 0	\$ 522
<u>Liabilities</u>				
Due to State of Tennessee	\$ 522	\$ 0	\$ 0	\$ 522
Total Liabilities	\$ 522	\$ 0	\$ 0	\$ 522
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,814,098	\$ 8,142,227	\$ 8,911,946	\$ 2,044,379
Accounts Receivable	0	10,000	0	10,000
Total Assets	\$ 2,814,098	\$ 8,152,227	\$ 8,911,946	\$ 2,054,379
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,814,098	\$ 8,152,227	\$ 8,911,946	\$ 2,054,379
Total Liabilities	\$ 2,814,098	\$ 8,152,227	\$ 8,911,946	\$ 2,054,379
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 14,978	\$ 14,685	\$ 4,924	\$ 24,739
Total Assets	\$ 14,978	\$ 14,685	\$ 4,924	\$ 24,739
<u>Liabilities</u>				
Due to Joint Ventures	\$ 14,978	\$ 14,685	\$ 4,924	\$ 24,739
Total Liabilities	\$ 14,978	\$ 14,685	\$ 4,924	\$ 24,739

(Continued)

Exhibit I-2

Warren County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 33,463	\$ 9,281	\$ 24,182
Total Assets	\$ 0	\$ 33,463	\$ 9,281	\$ 24,182
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 33,463	\$ 9,281	\$ 24,182
Total Liabilities	\$ 0	\$ 33,463	\$ 9,281	\$ 24,182
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,814,098	\$ 8,142,227	\$ 8,911,946	\$ 2,044,379
Equity in Pooled Cash and Investments	15,500	2,053,842	2,019,899	49,443
Accounts Receivable	0	10,000	0	10,000
Due from Other Governments	324,391	346,445	324,391	346,445
Total Assets	\$ 3,153,989	\$ 10,552,514	\$ 11,256,236	\$ 2,450,267
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 324,391	\$ 2,352,139	\$ 2,330,085	\$ 346,445
Due to Litigants, Heirs, and Others	2,814,098	8,185,690	8,921,227	2,078,561
Due to State of Tennessee	522	0	0	522
Due to Joint Ventures	14,978	14,685	4,924	24,739
Total Liabilities	\$ 3,153,989	\$ 10,552,514	\$ 11,256,236	\$ 2,450,267

Warren County School Department

This section presents combining and individual fund financial statements for the Warren County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and a Capital Projects Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit J-1

Warren County, Tennessee
Statement of Activities
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities	
Governmental Activities:						
Instruction	\$ 35,358,009	\$ 194,091	\$ 3,238,063	\$ 543,553	\$	\$ (31,382,302)
Support Services	16,143,752	16,722	267,191	0		(15,859,839)
Operation of Non-Instructional Services	3,969,099	584,310	2,490,368	0		(894,421)
Total Governmental Activities	\$ 55,470,860	\$ 795,123	\$ 5,995,622	\$ 543,553	\$	\$ (48,136,562)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	3,746,923
Local Option Sales Taxes						7,503,929
Grants and Contributions Not Restricted to Specific Programs						34,748,559
Unrestricted Investment Earnings						2,435
Miscellaneous						99,102
Total General Revenues					\$	46,100,948
Change in Net Position					\$	(2,035,614)
Net Position, July 1, 2012						53,049,867
Net Position, June 30, 2013					\$	51,014,253

Exhibit J-2

Warren County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Warren County School Department
 June 30, 2013

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,112	\$ 0	\$ 1,112
Equity in Pooled Cash and Investments	6,200,319	1,365,013	141,549	7,706,881
Inventories	0	64,735	0	64,735
Accounts Receivable	4,598	794	0	5,392
Due from Other Governments	1,677,438	13,209	80,960	1,771,607
Due from Primary Government	625	0	0	625
Property Taxes Receivable	4,115,517	0	0	4,115,517
Allowance for Uncollectible Property Taxes	(147,686)	0	0	(147,686)
Total Assets	\$ 11,850,811	\$ 1,444,863	\$ 222,509	\$ 13,518,183
<u>LIABILITIES</u>				
Accounts Payable	\$ 510	\$ 75	\$ 0	\$ 585
Accrued Payroll	1,165	0	0	1,165
Payroll Deductions Payable	582,399	0	2,415	584,814
Due to Primary Government	61,185	0	0	61,185
Total Liabilities	\$ 645,259	\$ 75	\$ 2,415	\$ 647,749
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,792,948	\$ 0	\$ 0	\$ 3,792,948
Deferred Delinquent Property Taxes	156,565	0	0	156,565
Other Deferred/Unavailable Revenue	666,282	0	0	666,282
Total Deferred Inflows of Resources	\$ 4,615,795	\$ 0	\$ 0	\$ 4,615,795
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 0	\$ 64,735	\$ 0	\$ 64,735
Restricted:				
Restricted for Education	139,319	0	78,281	217,600
Restricted for Operation of Non-Instructional Services	0	1,380,053	0	1,380,053
Committed:				
Committed for Education	4,438,626	0	0	4,438,626
Committed for Capital Outlay	0	0	140,908	140,908
Assigned:				
Assigned for Education	1,260,938	0	905	1,261,843
Unassigned	750,874	0	0	750,874
Total Fund Balances	\$ 6,589,757	\$ 1,444,788	\$ 220,094	\$ 8,254,639
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,850,811	\$ 1,444,863	\$ 222,509	\$ 13,518,183

Exhibit J-3

Warren County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Warren County School Department
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 8,254,639
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,929,936	
Add: buildings and improvements net of accumulated depreciation	43,123,640	
Add: other capital assets net of accumulated depreciation	<u>1,207,474</u>	46,261,050
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (2,253,761)	
Less: other postemployment benefits liability	<u>(2,070,522)</u>	(4,324,283)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>822,847</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 51,014,253</u></u>

Exhibit J-4

Warren County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>		<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 11,503,023	\$ 0	\$ 0	\$ 11,503,023
Charges for Current Services	190,842	584,310	0	775,152
Other Local Revenues	332,935	8,508	0	341,443
State of Tennessee	32,837,947	32,899	0	32,870,846
Federal Government	231,665	2,457,469	4,716,026	7,405,160
Other Governments and Citizens Groups	0	0	543,553	543,553
Total Revenues	\$ 45,096,412	\$ 3,083,186	\$ 5,259,579	\$ 53,439,177
<u>Expenditures</u>				
Current:				
Instruction	\$ 28,460,687	\$ 0	\$ 3,446,919	\$ 31,907,606
Support Services	14,504,091	0	1,251,842	15,755,933
Operation of Non-Instructional Services	777,087	3,130,378	0	3,907,465
Capital Outlay	547,917	0	0	547,917
Capital Projects	0	0	971,000	971,000
Total Expenditures	\$ 44,289,782	\$ 3,130,378	\$ 5,669,761	\$ 53,089,921
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 806,630	\$ (47,192)	\$ (410,182)	\$ 349,256
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 4,428	\$ 0	\$ 0	\$ 4,428
Transfers Out	0	0	(4,428)	(4,428)
Total Other Financing Sources (Uses)	\$ 4,428	\$ 0	\$ (4,428)	\$ 0
Net Change in Fund Balances	\$ 811,058	\$ (47,192)	\$ (414,610)	\$ 349,256
Fund Balance, July 1, 2012	5,778,699	1,491,980	634,704	7,905,383
Fund Balance, June 30, 2013	\$ 6,589,757	\$ 1,444,788	\$ 220,094	\$ 8,254,639

Exhibit J-5

Warren County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	349,256
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Less: current-year depreciation expense			(1,777,349)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(22,190)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	822,847	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(821,928)</u>	919
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(89,301)	
Change in other postemployment benefits liability		<u>(496,949)</u>	<u>(586,250)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (2,035,614)</u>

Exhibit J-6

Warren County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Warren County School Department
June 30, 2013

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 641	\$ 140,908	\$ 141,549
Due from Other Governments	80,960	0	80,960
Total Assets	<u>\$ 81,601</u>	<u>\$ 140,908</u>	<u>\$ 222,509</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 2,415	\$ 0	\$ 2,415
Total Liabilities	<u>\$ 2,415</u>	<u>\$ 0</u>	<u>\$ 2,415</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 78,281	\$ 0	\$ 78,281
Committed:			
Committed for Capital Outlay	0	140,908	140,908
Assigned:			
Assigned for Education	905	0	905
Total Fund Balances	<u>\$ 79,186</u>	<u>\$ 140,908</u>	<u>\$ 220,094</u>
Total Liabilities and Fund Balances	<u>\$ 81,601</u>	<u>\$ 140,908</u>	<u>\$ 222,509</u>

Exhibit J-7

Warren County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

	Special Revenue Fund School Federal Projects	Capital Projects Fund Education Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 4,716,026	\$ 0	\$ 4,716,026
Other Governments and Citizens Groups	0	543,553	543,553
Total Revenues	<u>\$ 4,716,026</u>	<u>\$ 543,553</u>	<u>\$ 5,259,579</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,446,919	\$ 0	\$ 3,446,919
Support Services	1,251,842	0	1,251,842
Capital Projects	0	971,000	971,000
Total Expenditures	<u>\$ 4,698,761</u>	<u>\$ 971,000</u>	<u>\$ 5,669,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,265</u>	<u>\$ (427,447)</u>	<u>\$ (410,182)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (4,428)	\$ 0	\$ (4,428)
Total Other Financing Sources (Uses)	<u>\$ (4,428)</u>	<u>\$ 0</u>	<u>\$ (4,428)</u>
Net Change in Fund Balances	\$ 12,837	\$ (427,447)	\$ (414,610)
Fund Balance, July 1, 2012	<u>66,349</u>	<u>568,355</u>	<u>634,704</u>
Fund Balance, June 30, 2013	<u>\$ 79,186</u>	<u>\$ 140,908</u>	<u>\$ 220,094</u>

Exhibit J-8

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Warren County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,503,023	\$ 0	\$ 0	\$ 11,503,023	\$ 11,571,878	\$ 11,571,878	\$ (68,855)
Charges for Current Services	190,842	0	0	190,842	225,000	225,000	(34,158)
Other Local Revenues	332,935	0	0	332,935	196,000	196,000	136,935
State of Tennessee	32,837,947	0	0	32,837,947	32,434,599	32,652,746	185,201
Federal Government	231,665	0	0	231,665	226,400	266,000	(34,335)
Total Revenues	\$ 45,096,412	\$ 0	\$ 0	\$ 45,096,412	\$ 44,653,877	\$ 44,911,624	\$ 184,788
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 23,049,781	\$ (233,363)	\$ 193,429	\$ 23,009,847	\$ 22,623,200	\$ 23,265,499	\$ 255,652
Alternative Instruction Program	302,286	0	0	302,286	306,500	306,500	4,214
Special Education Program	3,306,540	0	8,211	3,314,751	3,358,200	3,432,800	118,049
Vocational Education Program	1,701,259	0	0	1,701,259	2,067,500	1,820,100	118,841
Adult Education Program	100,821	0	0	100,821	157,400	157,400	56,579
<u>Support Services</u>							
Attendance	499,658	(765)	6,410	505,303	591,000	591,000	85,697
Health Services	830,162	0	0	830,162	923,600	925,600	95,438
Other Student Support	1,675,189	(63,220)	17,203	1,629,172	1,939,600	1,819,600	190,428
Regular Instruction Program	1,034,701	0	0	1,034,701	1,330,700	1,150,700	115,999
Alternative Instruction Program	95,275	0	0	95,275	96,300	96,300	1,025
Special Education Program	498,427	0	0	498,427	612,300	546,700	48,273
Vocational Education Program	92,650	0	3,500	96,150	120,700	110,700	14,550
Other Programs	218,147	0	0	218,147	0	218,147	0
Board of Education	681,418	(7,760)	7,078	680,736	909,400	813,000	132,264
Director of Schools	169,466	0	0	169,466	200,800	200,800	31,334
Office of the Principal	1,999,061	(7,554)	637	1,992,144	2,054,200	2,054,200	62,056
Fiscal Services	445,180	(215)	6,475	451,440	529,000	529,000	77,560
Operation of Plant	3,495,966	(4,115)	45,344	3,537,195	3,651,200	3,681,300	144,105

(Continued)

Exhibit J-8

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Warren County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,218,534	\$ (21,587)	\$ 82,566	\$ 1,279,513	\$ 1,490,600	\$ 1,490,600	\$ 211,087
Transportation	1,550,257	0	0	1,550,257	1,700,000	1,700,000	149,743
<u>Operation of Non-Instructional Services</u>							
Food Service	0	0	0	0	1,400	1,400	1,400
Community Services	99,725	0	0	99,725	120,000	120,000	20,275
Early Childhood Education	677,362	0	1,000	678,362	700,000	710,000	31,638
<u>Capital Outlay</u>							
Regular Capital Outlay	547,917	(335,902)	889,085	1,101,100	900,000	1,400,000	298,900
Total Expenditures	\$ 44,289,782	\$ (674,481)	\$ 1,260,938	\$ 44,876,239	\$ 46,383,600	\$ 47,141,346	\$ 2,265,107
<u>Excess (Deficiency) of Revenues</u> Over Expenditures	\$ 806,630	\$ 674,481	\$ (1,260,938)	\$ 220,173	\$ (1,729,723)	\$ (2,229,722)	\$ 2,449,895
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 4,428	\$ 0	\$ 0	\$ 4,428	\$ 10,000	\$ 10,000	\$ (5,572)
Total Other Financing Sources	\$ 4,428	\$ 0	\$ 0	\$ 4,428	\$ 10,000	\$ 10,000	\$ (5,572)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 811,058	\$ 674,481	\$ (1,260,938)	\$ 224,601	\$ (1,719,723)	\$ (2,219,722)	\$ 2,444,323
Fund Balance, July 1, 2012	5,778,699	(674,481)	0	5,104,218	5,721,862	5,721,862	(617,644)
Fund Balance, June 30, 2013	\$ 6,589,757	\$ 0	\$ (1,260,938)	\$ 5,328,819	\$ 4,002,139	\$ 3,502,140	\$ 1,826,679

Exhibit J-9

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Warren County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Federal Government	\$ 4,716,026	\$ 0	\$ 0	\$ 4,716,026	\$ 5,196,951	\$ 5,839,435	\$ (1,123,409)
Total Revenues	\$ 4,716,026	\$ 0	\$ 0	\$ 4,716,026	\$ 5,196,951	\$ 5,839,435	\$ (1,123,409)
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,435,055	\$ 0	\$ 0	\$ 2,435,055	\$ 2,466,088	\$ 2,969,377	\$ 534,322
Special Education Program	918,688	0	0	918,688	1,106,612	1,109,163	190,475
Vocational Education Program	93,176	0	0	93,176	93,689	93,176	0
<u>Support Services</u>							
Other Student Support	62,907	0	905	63,812	46,065	76,374	12,562
Regular Instruction Program	594,913	0	0	594,913	687,453	839,583	244,670
Special Education Program	588,763	(130)	0	588,633	889,370	860,859	272,226
Vocational Education Program	4,070	0	0	4,070	5,645	4,070	0
Transportation	1,189	0	0	1,189	35,480	10,012	8,823
Total Expenditures	\$ 4,698,761	\$ (130)	\$ 905	\$ 4,699,536	\$ 5,330,602	\$ 5,962,614	\$ 1,263,078
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,265	\$ 130	\$ (905)	\$ 16,490	\$ (133,651)	\$ (123,179)	\$ 139,669
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,721	\$ 158,108	\$ (158,108)
Transfers Out	(4,428)	0	0	(4,428)	(82,979)	(107,133)	102,705
Total Other Financing Sources	\$ (4,428)	\$ 0	\$ 0	\$ (4,428)	\$ 54,742	\$ 50,975	\$ (55,403)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 12,837	\$ 130	\$ (905)	\$ 12,062	\$ (78,909)	\$ (72,204)	\$ 84,266
Fund Balance, July 1, 2012	66,349	(130)	0	66,219	78,909	78,909	(12,690)
Fund Balance, June 30, 2013	\$ 79,186	\$ 0	\$ (905)	\$ 78,281	\$ 0	\$ 6,705	\$ 71,576

Exhibit J-10

Warren County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Warren County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 584,310 \$	0 \$	0 \$	584,310 \$	780,000 \$	780,000 \$	(195,690)
Other Local Revenues	8,508	0	0	8,508	9,000	9,000	(492)
State of Tennessee	32,899	0	0	32,899	60,200	33,000	(101)
Federal Government	2,457,469	0	0	2,457,469	2,440,000	2,467,200	(9,731)
Total Revenues	\$ 3,083,186 \$	0 \$	0 \$	3,083,186 \$	3,289,200 \$	3,289,200 \$	(206,014)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,130,378 \$	(92,640) \$	15,017 \$	3,052,755 \$	3,939,200 \$	3,939,200 \$	886,445
Total Expenditures	\$ 3,130,378 \$	(92,640) \$	15,017 \$	3,052,755 \$	3,939,200 \$	3,939,200 \$	886,445
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (47,192) \$	92,640 \$	(15,017) \$	30,431 \$	(650,000) \$	(650,000) \$	680,431
Net Change in Fund Balance	\$ (47,192) \$	92,640 \$	(15,017) \$	30,431 \$	(650,000) \$	(650,000) \$	680,431
Fund Balance, July 1, 2012	1,491,980	(92,640)	0	1,399,340	1,536,762	1,536,762	(137,422)
Fund Balance, June 30, 2013	\$ 1,444,788 \$	0 \$	(15,017) \$	1,429,771 \$	886,762 \$	886,762 \$	543,009

MISCELLANEOUS SCHEDULES

Exhibit K-1

Warren County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Sewer System - Jail	\$ 159,500	2.99 %	7-23-10	6-30-13	\$ 53,166	\$ 0	\$ 53,166	\$ 0
School Buses	175,000	2.99	7-23-10	6-30-13	58,334	0	58,334	0
Sanitation Truck	130,156	2.76	2-3-11	6-30-13	43,386	0	43,386	0
Ambulance Changeovers	180,000	2.76	2-3-11	6-30-13	60,000	0	60,000	0
Harrison Ferry Road Repairs	140,613	2.76	2-3-11	6-30-13	46,871	0	46,871	0
Dibrell Elementary	750,000	2.76	2-3-11	6-30-13	250,000	0	250,000	0
Sheriff Vehicles	125,000	2.64	12-30-11	6-30-14	83,333	0	41,667	41,666
Office Equipment	75,000	2 to 2.35	5-17-12	6-30-14	50,000	0	25,000	25,000
Sheriff Vehicles	135,000	1.98	12-14-12	6-30-15	0	135,000	45,000	90,000
Total Notes Payable					\$ 645,090	\$ 135,000	\$ 623,424	\$ 156,666
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Public Works Refunding	1,485,000	2 to 3.5	12-29-03	6-1-13	\$ 190,000	\$ 0	\$ 190,000	\$ 0
School Refunding, Series 2008	3,790,000	3 to 3.5	4-24-08	6-1-14	2,000,000	0	1,500,000	500,000
General Obligation Refunding, Series 2010	6,475,000	2 to 4	2-10-10	6-1-22	6,475,000	0	380,000	6,095,000
Build America Bonds, Series 2010B	6,000,000	2.35 to 5.45	4-15-10	6-1-30	6,000,000	0	0	6,000,000
Qualified School Construction, Series 2010	9,300,000	0	10-7-10	9-15-27	8,816,412	0	580,305	8,236,107
Total Bonds Payable					\$ 23,481,412	\$ 0	\$ 2,650,305	\$ 20,831,107

Exhibit K-2

Warren County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		Total
	Principal	Interest	
2014	\$ 111,666	\$ 3,470	\$ 115,136
2015	45,000	891	45,891
Total	<u>\$ 156,666</u>	<u>\$ 4,361</u>	<u>\$ 161,027</u>

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 1,770,306	\$ 963,772	\$ 2,734,078
2015	1,455,305	929,171	2,384,476
2016	1,485,306	902,787	2,388,093
2017	1,520,305	874,796	2,395,101
2018	1,555,306	841,012	2,396,318
2019	1,590,305	805,056	2,395,361
2020	1,630,306	763,554	2,393,860
2021	1,675,305	719,739	2,395,044
2022	1,725,306	673,559	2,398,865
2023	950,305	625,096	1,575,401
2024	965,306	607,707	1,573,013
2025	980,305	589,226	1,569,531
2026	995,306	569,427	1,564,733
2027	1,072,429	548,469	1,620,898
2028	504,706	119,606	624,312
2029	470,000	51,577	521,577
2030	485,000	26,432	511,432
Total	<u>\$ 20,831,107</u>	<u>\$ 10,610,986</u>	<u>\$ 31,442,093</u>

Exhibit K-3

Warren County, Tennessee
Schedule of Transfers
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 4,428
Total Transfers Discretely Presented Warren County School Department			<u>\$ 4,428</u>

Exhibit K-4

Warren County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 75,048	\$ 50,000	Cincinnati Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	71,475	100,000	"
Director of Schools	State Board of Education and County Board of Education	99,727 (1)	100,000	"
Trustee	Section 8-24-102, TCA	64,977	1,532,000	"
Assessor of Property:				
Carolyn Miller (7-1-12 through 8-31-12)	Section 8-24-102, TCA	12,338	10,000	State Farm Fire and Casualty Company
Beth Martin (9-1-12 through 6-30-13)	Section 8-24-102, TCA	52,639	50,000	Cincinnati Insurance Company
Finance Director	County Commission	56,392	50,000	Auto-Owners Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	64,977	50,000	Cincinnati Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	64,997	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	64,977	50,000	"
Register of Deeds	Section 8-24-102, TCA	64,997	25,000	"
Sheriff	Section 8-24-102, TCA	71,475 (2)	50,000	Western Surety Company
Employee Dishonesty Bond Coverage: General County Employees			20,000	"

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu- tional Officers - Fees		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,754,402	\$ 247,219	\$ 618,520	\$ 0	\$ 0	\$ 0	\$ 494,432
Discount on Property Taxes	(40,503)	(2,098)	(5,246)	0	0	0	(4,196)
Trustee's Collections - Prior Year	273,381	10,021	20,032	0	0	0	20,033
Trustee's Collections - Bankruptcy	1,988	109	217	0	0	0	179
Circuit/Clerk & Master Collections - Prior Years	131,929	4,944	9,892	0	0	0	9,706
Interest and Penalty	45,706	1,782	3,746	0	0	0	3,563
Payments in-Lieu-of Taxes - T.V.A.	13,613	760	1,830	0	0	0	1,486
Payments in-Lieu-of Taxes - Local Utilities	45,408	2,268	5,467	0	0	0	4,437
Payments in-Lieu-of Taxes - Other	251,672	13,065	32,663	0	0	0	26,131
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	116,358	0	0	0	0	0	0
Litigation Tax - Special Purpose	8,643	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	40,972	0	0	0	0	0	0
Business Tax	325,346	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	46,407
<u>Statutory Local Taxes</u>							
Bank Excise Tax	31,719	1,647	4,117	0	0	0	3,293
Wholesale Beer Tax	75,458	122,594	0	0	0	0	0
Total Local Taxes	\$ 6,076,092	\$ 402,311	\$ 691,238	\$ 0	\$ 0	\$ 0	\$ 605,471
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 3,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	172,849	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	2,122	0	0	0	0	0	0
Building Permits	26,200	0	0	0	0	0	0
Other Permits	6,936	0	0	0	0	0	0
Total Licenses and Permits	\$ 211,337	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>							
Circuit Court	\$ 18,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines							

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Officers Costs	\$ 19,177	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Game and Fish Fines	113	0	0	0	0	0
Drug Control Fines	0	0	0	58,308	0	0
Drug Court Fees	7,621	0	0	0	0	0
Jail Fees	10,810	0	0	0	0	0
DUI Treatment Fines	3,101	0	0	0	0	0
Data Entry Fee - Circuit Court	1,525	0	0	0	0	0
Courtroom Security Fee	284	0	0	0	0	0
Victims Assistance Assessments	9,109	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	19,447	0	0	0	0	0
Officers Costs	50,901	0	0	0	0	0
Game and Fish Fines	1,009	0	0	0	0	0
Drug Control Fines	0	0	0	5,187	0	0
Drug Court Fees	8,249	0	0	0	0	0
Jail Fees	24,328	0	0	0	0	0
DUI Treatment Fines	8,412	0	0	0	0	0
Data Entry Fee - General Sessions Court	12,562	0	0	0	0	0
Victims Assistance Assessments	29,686	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	11,809	0	0	0	0	0
Officers Costs	8,254	0	0	0	0	0
Jail Fees	7,824	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,162	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,374	0	0	0	0	0
Data Entry Fee - Chancery Court	2,196	0	0	0	0	0
Courtroom Security Fee	28	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	32,152	0	0
Total Fines, Forfeitures, and Penalties	\$ 258,411	\$ 0	\$ 0	\$ 95,647	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tippling Fees	\$ 5,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fees	0	2,112	0	0	0	0

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Patient Charges	\$ 0	\$ 0	\$ 1,899,632	\$ 0	\$ 0	\$ 0
Other General Service Charges	9,874	0	0	0	0	0
<u>Fees</u>						
Engineer Review Fees	900	0	0	0	0	0
Copy Fees	888	0	0	0	0	0
Greenbelt Late Application Fee	550	0	0	0	0	0
Telephone Commissions	63,851	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	840,838	0
Data Processing Fee - Register	11,960	0	0	0	0	0
Probation Fees	24,182	0	0	0	0	0
Data Processing Fee - Sheriff	5,081	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,300	0	0	0	0	0
Total Charges for Current Services	\$ 125,853	\$ 2,112	\$ 1,899,632	\$ 0	\$ 840,838	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	0	0	0	0	0
Lease/Rentals	110,600	0	0	0	0	0
Sale of Materials and Supplies	1,944	0	0	0	0	0
Commissary Sales	71,921	0	0	0	0	0
Sale of Gasoline	233,669	0	0	0	0	0
Sale of Recycled Materials	0	58,555	0	0	0	0
Miscellaneous Refunds	2,362	0	623	0	0	1,367
<u>Nonrecurring Items</u>						
Sale of Equipment	9,611	5,020	0	0	0	12,700
Sale of Property	130	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	1,567
Contributions and Gifts	31	0	0	0	0	0
Total Other Local Revenues	\$ 430,268	\$ 63,575	\$ 623	\$ 0	\$ 0	\$ 15,634
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 128,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	172,597	0	0	0	0	0
Trustee	448,741	0	0	0	0	0

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary</u>						
Clerk and Master	\$ 93,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff	11,522	0	0	0	0	0
Total Fees Received from County Officials	\$ 855,414	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	284,158	0	0	0	0	0
Solid Waste Grants	0	24,264	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	50,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	569,895	0	0	0	0	0
Other Health and Welfare Grants	440	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	138,527
Litter Program	31,171	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	100,018	0	0	0	0	0
Beer Tax	8,786	0	0	0	0	0
Alcoholic Beverage Tax	64,125	0	0	0	0	0
Mixed Drink Tax	21,725	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	443,648	0	0	0	27,168
Contracted Prisoner Boarding	1,545,864	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,736,234
Petroleum Special Tax	0	0	0	0	0	31,141
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	7,675	0	0	0	0	0
Other State Revenues	31,763	0	0	0	0	0
Total State of Tennessee	\$ 2,735,284	\$ 467,912	\$ 0	\$ 0	\$ 0	\$ 1,933,070
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 19,712	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	42,942	0	0	0	0	0
Other Federal through State	3,300	0	0	0	0	0

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Medicare	\$ 14,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tax Credit Bond Rebate	450,864	0	0	0	0	0
Other Direct Federal Revenue	420,790	0	0	0	0	0
Total Federal Government	\$ 932,096	\$ 0	\$ 19,712	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 226,133	\$ 0	\$ 0	\$ 250	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 226,133	\$ 0	\$ 0	\$ 250	\$ 0	\$ 0
Total	\$ 11,850,888	\$ 935,910	\$ 2,611,205	\$ 95,897	\$ 840,838	\$ 2,554,175

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service		Capital Projects Funds			Total
	Fund		Education	Other Capital Projects	Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,676,895	\$ 0	\$ 0	\$ 0	\$ 0	8,791,468
Discount on Property Taxes	(22,703)	0	0	0	0	(74,746)
Trustee's Collections - Prior Year	36,165	0	0	0	0	359,632
Trustee's Collections - Bankruptcy	510	0	0	0	0	3,003
Circuit/Clerk & Master Collections - Prior Years	18,307	0	0	0	0	174,778
Interest and Penalty	9,053	0	0	0	0	63,850
Payments in-Lieu-of Taxes - T.V.A.	7,280	0	0	0	0	24,969
Payments in-Lieu-of Taxes - Local Utilities	21,367	0	0	0	0	78,947
Payments in-Lieu-of Taxes - Other	140,962	0	0	0	0	464,493
<u>County Local Option Taxes</u>						
Local Option Sales Tax	235,694	0	0	0	0	235,694
Hotel/Motel Tax	43,751	0	0	0	0	43,751
Wheel Tax	1,034,581	0	0	0	0	1,034,581
Litigation Tax - General	0	0	0	0	0	116,358
Litigation Tax - Special Purpose	0	0	0	0	0	8,643
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	40,972
Business Tax	0	0	0	0	0	325,346
Mineral Severance Tax	0	0	0	0	0	46,407
<u>Statutory Local Taxes</u>						
Bank Excise Tax	17,784	0	0	0	0	58,560
Wholesale Beer Tax	0	0	0	0	0	198,052
Total Local Taxes	\$ 4,219,646	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,994,758
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	0	0	0	0	0	3,230
Cable TV Franchise	0	0	0	0	0	172,849
<u>Permits</u>						
Beer Permits	0	0	0	0	0	2,122
Building Permits	0	0	0	0	0	26,200
Other Permits	0	0	0	0	0	6,936
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 211,337
<u>Fines, Forfeitures, and Penalties</u>						
Circuit Court	0	0	0	0	0	18,430
Fines	0	0	0	0	0	0

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service		Education Projects - Morrison	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Officers Costs	\$	0 \$	0 \$	0 \$	0 \$	19,177
Game and Fish Fines		0	0	0	0	113
Drug Control Fines		0	0	0	0	58,308
Drug Court Fees		0	0	0	0	7,621
Jail Fees		0	0	0	0	10,810
DUI Treatment Fines		0	0	0	0	3,101
Data Entry Fee - Circuit Court		0	0	0	0	1,525
Courtroom Security Fee		0	0	0	0	284
Victims Assistance Assessments		0	0	0	0	9,109
<u>General Sessions Court</u>						
Fines		0	0	0	0	19,447
Officers Costs		0	0	0	0	50,901
Game and Fish Fines		0	0	0	0	1,009
Drug Control Fines		0	0	0	0	5,187
Drug Court Fees		0	0	0	0	8,249
Jail Fees		0	0	0	0	24,328
DUI Treatment Fines		0	0	0	0	8,412
Data Entry Fee - General Sessions Court		0	0	0	0	12,562
Victims Assistance Assessments		0	0	0	0	29,686
<u>Juvenile Court</u>						
Fines		0	0	0	0	11,809
Officers Costs		0	0	0	0	8,254
Jail Fees		0	0	0	0	7,824
Data Entry Fee - Juvenile Court		0	0	0	0	1,162
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	2,374
Data Entry Fee - Chancery Court		0	0	0	0	2,196
Courtroom Security Fee		0	0	0	0	28
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	32,152
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	354,058
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$	0 \$	0 \$	0 \$	0 \$	5,267
Solid Waste Disposal Fees		0	0	0	0	2,112

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service		Education Capital Projects - Morrison	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,899,632	
Other General Service Charges	0	0	0	0	9,874	
<u>Fees</u>						
Engineer Review Fees	0	0	0	0	900	
Copy Fees	0	0	0	0	888	
Greenbelt Late Application Fee	0	0	0	0	550	
Telephone Commissions	0	0	0	0	63,851	
Constitutional Officers' Fees and Commissions	0	0	0	0	840,838	
Data Processing Fee - Register	0	0	0	0	11,960	
Probation Fees	0	0	0	0	24,182	
Data Processing Fee - Sheriff	0	0	0	0	5,081	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	3,300	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,868,435	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 251,615	\$ 96	\$ 107	\$ 0	\$ 251,818	
Lease/Rentals	0	0	0	0	110,600	
Sale of Materials and Supplies	0	0	0	0	1,944	
Commissary Sales	0	0	0	0	71,921	
Sale of Gasoline	0	0	0	0	233,669	
Sale of Recycled Materials	0	0	0	0	58,555	
Miscellaneous Refunds	0	0	0	0	4,352	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	27,331	
Sale of Property	0	0	0	0	130	
Damages Recovered from Individuals	0	0	0	0	1,567	
Contributions and Gifts	30	0	0	0	61	
Total Other Local Revenues	\$ 251,645	\$ 96	\$ 107	\$ 0	\$ 761,948	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 128,774	
Circuit Court Clerk	0	0	0	0	172,597	
Trustee	0	0	0	0	448,741	

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service		Capital Projects Funds			Total
	Fund		Education	Other Capital Projects		
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary</u>						
Clerk and Master	\$	0 \$	0 \$	0 \$	0 \$	93,780
Sheriff		0	0	0	0	11,522
Total Fees Received from County Officials	\$	0 \$	0 \$	0 \$	0 \$	855,414
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$	0 \$	0 \$	0 \$	0 \$	4,500
Airport Maintenance Program		0	0	0	0	284,158
Solid Waste Grants		0	0	0	0	24,264
<u>Public Safety Grants</u>						
Other Public Safety Grants		0	0	0	0	50,000
<u>Health and Welfare Grants</u>						
Health Department Programs		0	0	0	0	569,895
Other Health and Welfare Grants		0	0	0	0	440
<u>Public Works Grants</u>						
State Aid Program		0	0	0	0	138,527
Litter Program		0	0	0	0	31,171
<u>Other State Revenues</u>						
Income Tax		0	0	0	0	100,018
Beer Tax		0	0	0	0	8,786
Alcoholic Beverage Tax		0	0	0	0	64,125
Mixed Drink Tax		0	0	0	0	21,725
State Revenue Sharing - T.V.A.		0	0	0	0	470,816
Contracted Prisoner Boarding		0	0	0	0	1,545,864
Gasoline and Motor Fuel Tax		0	0	0	0	1,736,234
Petroleum Special Tax		0	0	0	0	31,141
Registrar's Salary Supplement		0	0	0	0	15,164
Other State Grants		0	0	0	0	7,675
Other State Revenues		0	0	0	0	31,763
Total State of Tennessee	\$	0 \$	0 \$	0 \$	0 \$	5,136,266
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$	0 \$	0 \$	0 \$	0 \$	19,712
Law Enforcement Grants		0	0	0	0	42,942
Other Federal through State		0	0	0	0	3,300

(Continued)

Exhibit K-5

Warren County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service				Capital Projects Funds			Total
	Fund	General Debt Service	Education Projects - Morrison	Other Capital Projects				
<u>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue</u>								
Medicare	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	14,200
Tax Credit Bond Rebate		0	0	0	0	0	0	450,864
Other Direct Federal Revenue		0	0	0	0	0	0	420,790
Total Federal Government	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	951,808
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	226,383
Total Other Governments and Citizens Groups	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	226,383
Total	\$	4,471,291 \$	107 \$	96 \$	23,360,407			

Exhibit K-6

Warren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,542,442	\$ 0	\$ 0	\$ 0	\$ 3,542,442
Discount on Property Taxes	(30,108)	0	0	0	(30,108)
Trustee's Collections - Prior Year	140,229	0	0	0	140,229
Trustee's Collections - Bankruptcy	1,258	0	0	0	1,258
Circuit/Clerk & Master Collections - Prior Years	62,090	0	0	0	62,090
Interest and Penalty	25,072	0	0	0	25,072
Payments in-Lieu-of Taxes - T.V.A.	10,621	0	0	0	10,621
Payments in-Lieu-of Taxes - Local Utilities	31,718	0	0	0	31,718
Payments in-Lieu-of Taxes - Other	187,162	0	0	0	187,162
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,508,950	0	0	0	7,508,950
<u>Statutory Local Taxes</u>					
Bank Excise Tax	23,589	0	0	0	23,589
Total Local Taxes	\$ 11,503,023	\$ 0	\$ 0	\$ 0	\$ 11,503,023
<u>Charges for Current Services</u>					
<u>Fees</u>					
Telephone Commissions	\$ 5,290	\$ 0	\$ 0	\$ 0	\$ 5,290
<u>Education Charges</u>					
Tuition - Regular Day Students	397	0	0	0	397
Tuition - Other	90,138	0	0	0	90,138
Lunch Payments - Children	0	0	221,381	0	221,381
Lunch Payments - Adults	0	0	72,581	0	72,581
Income from Breakfast	0	0	48,069	0	48,069
A la carte Sales	0	0	242,279	0	242,279
Receipts from Individual Schools	78,295	0	0	0	78,295
<u>Other Charges for Services</u>					
Other Charges for Services	16,722	0	0	0	16,722
Total Charges for Current Services	\$ 190,842	\$ 0	\$ 584,310	\$ 0	\$ 775,152
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	2,435	\$ 0	\$ 2,435
Refund of Telecommunication and Internet Fees (E-Rate)	25,261	0	0	0	25,261
Miscellaneous Refunds	50,996	0	6,073	0	57,069
<u>Nonrecurring Items</u>					
Sale of Equipment	41,593	0	0	0	41,593
Contributions and Gifts	215,085	0	0	0	215,085
Total Other Local Revenues	\$ 332,935	\$ 0	\$ 8,508	\$ 0	\$ 341,443
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 218,147	\$ 0	\$ 0	\$ 0	\$ 218,147
<u>State Education Funds</u>					
Basic Education Program	31,082,547	0	0	0	31,082,547
Early Childhood Education	688,457	0	0	0	688,457
School Food Service	0	0	32,899	0	32,899
Driver Education	12,377	0	0	0	12,377
Other State Education Funds	266,156	0	0	0	266,156
Career Ladder Program	216,965	0	0	0	216,965
Career Ladder - Extended Contract	76,700	0	0	0	76,700
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	275,563	0	0	0	275,563
Other State Grants	1,035	0	0	0	1,035
Total State of Tennessee	\$ 32,837,947	\$ 0	\$ 32,899	\$ 0	\$ 32,870,846

(Continued)

Exhibit K-6

Warren County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,618,469	\$ 0	\$ 1,618,469
USDA - Commodities	0	0	171,546	0	171,546
Breakfast	0	0	617,875	0	617,875
USDA - Other	0	0	49,579	0	49,579
Vocational Education - Basic Grants to States	0	125,673	0	0	125,673
Title I Grants to Local Education Agencies	0	2,233,817	0	0	2,233,817
Special Education - Grants to States	39,568	1,423,550	0	0	1,463,118
Special Education Preschool Grants	0	70,112	0	0	70,112
English Language Acquisition Grants	0	57,125	0	0	57,125
Rural Education	0	128,600	0	0	128,600
Education for Homeless Children and Youth	0	37,000	0	0	37,000
Eisenhower Professional Development State Grants	0	301,679	0	0	301,679
Race-to-the-Top - ARRA	0	338,470	0	0	338,470
Other Federal through State	123,787	0	0	0	123,787
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	68,310	0	0	0	68,310
Total Federal Government	\$ 231,665	\$ 4,716,026	\$ 2,457,469	\$ 0	\$ 7,405,160
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 543,553	\$ 543,553
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 543,553	\$ 543,553
Total	\$ 45,096,412	\$ 4,716,026	\$ 3,083,186	\$ 543,553	\$ 53,439,177

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	89,455	
Social Security		5,857	
State Retirement		10,892	
Life Insurance		576	
Medical Insurance		14,625	
Audit Services		39,938	
Dues and Memberships		25,259	
Total County Commission			\$ 186,602

Board of Equalization

Board and Committee Members Fees	\$	5,940	
Social Security		454	
Travel		226	
Total Board of Equalization			6,620

County Mayor/Executive

County Official/Administrative Officer	\$	75,048	
Secretary(ies)		28,727	
Social Security		7,367	
State Retirement		13,968	
Life Insurance		55	
Medical Insurance		2,700	
Unemployment Compensation		54	
Travel		115	
Total County Mayor/Executive			128,034

County Attorney

Legal Services	\$	89,875	
Total County Attorney			89,875

Election Commission

County Official/Administrative Officer	\$	58,480	
Secretary(ies)		49,062	
Other Salaries and Wages		22,338	
Election Commission		7,755	
Election Workers		29,275	
Social Security		10,093	
State Retirement		14,918	
Life Insurance		83	
Medical Insurance		5,400	
Unemployment Compensation		230	
Communication		2,788	
Data Processing Services		5,280	
Dues and Memberships		355	
Legal Notices, Recording, and Court Costs		6,412	
Maintenance Agreements		20,312	
Postal Charges		3,147	
Printing, Stationery, and Forms		13,407	
Rentals		1,220	
Travel		9,082	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Supplies	\$	1,322	
Other Supplies and Materials		4,110	
Data Processing Equipment		1,883	
Total Election Commission			\$ 266,952

Register of Deeds

Other Contracted Services	\$	2,655	
Data Processing Supplies		6,253	
Total Register of Deeds			8,908

Development

Other Charges	\$	322	
Total Development			322

Planning

Board and Committee Members Fees	\$	1,575	
Social Security		120	
Contracts with Government Agencies		9,800	
Total Planning			11,495

Codes Compliance

County Official/Administrative Officer	\$	30,290	
In-Service Training		808	
Social Security		2,167	
State Retirement		1,497	
Life Insurance		28	
Medical Insurance		2,588	
Unemployment Compensation		108	
Communication		1,750	
Maintenance and Repair Services - Vehicles		929	
Postal Charges		19	
Gasoline		2,649	
Office Supplies		2,677	
Total Codes Compliance			45,510

County Buildings

Custodial Personnel	\$	23,030	
Social Security		1,603	
State Retirement		3,143	
Life Insurance		28	
Medical Insurance		2,700	
Unemployment Compensation		56	
Maintenance and Repair Services - Buildings		23,766	
Custodial Supplies		10,425	
Utilities		90,987	
Other Supplies and Materials		1,306	
Total County Buildings			157,044

Other Facilities

Maintenance Personnel	\$	35,049	
-----------------------	----	--------	--

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Social Security	\$	2,550	
State Retirement		4,718	
Life Insurance		28	
Medical Insurance		2,700	
Unemployment Compensation		54	
Maintenance and Repair Services - Buildings		138,984	
Other Capital Outlay		88,576	
Total Other Facilities			\$ 272,659

Other General Administration

Communication	\$	40,949	
Data Processing Services		82,240	
Legal Notices, Recording, and Court Costs		3,042	
Maintenance Agreements		2,714	
Maintenance and Repair Services - Office Equipment		463	
Postal Charges		36,465	
Printing, Stationery, and Forms		20,463	
Other Contracted Services		188	
Office Supplies		35,284	
Premiums on Corporate Surety Bonds		791	
Data Processing Equipment		11,588	
Office Equipment		6,994	
Total Other General Administration			241,181

Preservation of Records

Other Supplies and Materials	\$	1,517	
Total Preservation of Records			1,517

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	56,392	
Assistant(s)		41,288	
Accountants/Bookkeepers		220,211	
Social Security		22,355	
State Retirement		36,533	
Life Insurance		263	
Medical Insurance		23,288	
Unemployment Compensation		731	
Travel		803	
Total Accounting and Budgeting			401,864

Purchasing

Legal Notices, Recording, and Court Costs	\$	3,072	
Total Purchasing			3,072

Property Assessor's Office

County Official/Administrative Officer	\$	64,977	
Assistant(s)		128,502	
In-Service Training		332	
Social Security		13,245	

(Continued)

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	22,407	
Life Insurance		135	
Medical Insurance		14,185	
Unemployment Compensation		340	
Data Processing Services		16,611	
Legal Notices, Recording, and Court Costs		116	
Maintenance and Repair Services - Vehicles		534	
Postal Charges		2,317	
Gasoline		2,444	
Other Supplies and Materials		4,791	
Other Charges		75	
Total Property Assessor's Office	\$		271,011

County Trustee's Office

Legal Notices, Recording, and Court Costs	\$	464	
Postal Charges		8,198	
Other Supplies and Materials		12,592	
Data Processing Equipment		4,065	
Total County Trustee's Office			25,319

Administration of Justice

Circuit Court

Jury and Witness Expense	\$	20,703	
Other Charges		32,950	
Data Processing Equipment		59	
Office Equipment		1,209	
Total Circuit Court			54,921

General Sessions Court

Judge(s)	\$	162,016	
Secretary(ies)		31,841	
Other Salaries and Wages		10,986	
Other Per Diem and Fees		2,400	
Social Security		13,487	
State Retirement		23,830	
Life Insurance		67	
Unemployment Compensation		106	
Communication		1,458	
Postal Charges		64	
Travel		1,893	
Other Contracted Services		130	
Office Supplies		568	
Other Charges		1,717	
Data Processing Equipment		952	
Total General Sessions Court			251,515

Drug Court

Probation Officer(s)	\$	49,505	
Social Security		4,112	
State Retirement		6,663	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Life Insurance	\$	49	
Medical Insurance		2,700	
Unemployment Compensation		124	
Communication		60	
Evaluation and Testing		10,938	
Postal Charges		92	
Travel		1,253	
Other Supplies and Materials		878	
Total Drug Court			\$ 76,374

Chancery Court

County Official/Administrative Officer	\$	64,977	
Clerical Personnel		66,566	
In-Service Training		195	
Social Security		9,778	
State Retirement		14,952	
Life Insurance		78	
Medical Insurance		5,400	
Unemployment Compensation		230	
Communication		2,236	
Postal Charges		7,622	
Printing, Stationery, and Forms		517	
Travel		53	
Other Contracted Services		2,493	
Office Supplies		4,331	
Other Supplies and Materials		87	
Other Charges		130	
Total Chancery Court			179,645

Juvenile Court

Youth Service Officer(s)	\$	73,055	
Other Salaries and Wages		24,409	
Other Per Diem and Fees		2,400	
Social Security		7,258	
State Retirement		13,119	
Life Insurance		72	
Medical Insurance		2,700	
Unemployment Compensation		162	
Communication		2,878	
Postal Charges		592	
Travel		1,821	
Office Supplies		2,241	
Other Supplies and Materials		8,450	
Other Charges		290	
Data Processing Equipment		858	
Total Juvenile Court			140,305

Judicial Commissioners

County Official/Administrative Officer	\$	76,296	
In-Service Training		3,528	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Social Security	\$	4,826	
Unemployment Compensation		368	
Office Supplies		2,284	
Total Judicial Commissioners			\$ 87,302

Victims Assistance Programs

Remittance of Revenue Collected	\$	28,000	
Total Victims Assistance Programs			28,000

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,475	
Deputy(ies)		1,017,944	
Investigator(s)		238,758	
Lieutenant(s)		150,514	
Salary Supplements		25,800	
Clerical Personnel		106,681	
Overtime Pay		33,077	
Other Salaries and Wages		23,204	
In-Service Training		5,276	
Social Security		122,256	
State Retirement		220,819	
Life Insurance		2,135	
Medical Insurance		64,688	
Unemployment Compensation		2,362	
Communication		14,571	
Data Processing Services		634	
Maintenance and Repair Services - Office Equipment		3,966	
Maintenance and Repair Services - Vehicles		54,854	
Medical and Dental Services		3,657	
Postal Charges		954	
Printing, Stationery, and Forms		2,025	
Travel		4,605	
Gasoline		161,317	
Law Enforcement Supplies		3,303	
Office Supplies		4,202	
Tires and Tubes		11,286	
Uniforms		6,497	
Communication Equipment		9,770	
Furniture and Fixtures		620	
Law Enforcement Equipment		5,455	
Motor Vehicles		134,908	
Total Sheriff's Department			2,507,613

Administration of the Sexual Offender Registry

Other Contracted Services	\$	1,723	
Total Administration of the Sexual Offender Registry			1,723

Jail

Supervisor/Director	\$	41,644	
---------------------	----	--------	--

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Personnel	\$	116,797	
Guards		1,063,683	
Clerical Personnel		36,533	
Overtime Pay		4,188	
Other Salaries and Wages		28,186	
Social Security		92,866	
State Retirement		157,617	
Medical Insurance		67,808	
Unemployment Compensation		2,442	
Contracts with Government Agencies		705	
Evaluation and Testing		3,447	
Maintenance and Repair Services - Equipment		18,781	
Medical and Dental Services		234,988	
Pest Control		1,200	
Printing, Stationery, and Forms		56	
Custodial Supplies		46,430	
Food Preparation Supplies		14,567	
Food Supplies		399,294	
Law Enforcement Supplies		2,131	
Prisoners Clothing		4,869	
Utilities		140,631	
Other Supplies and Materials		10,046	
Office Equipment		1,862	
Total Jail			\$ 2,490,771

Juvenile Services

Other Charges	\$	14,190	
Total Juvenile Services			14,190

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	2,400	
Total County Coroner/Medical Examiner			2,400

Other Public Safety

Contributions	\$	151,000	
Total Other Public Safety			151,000

Public Health and Welfare

Local Health Center

Social Security	\$	1,127	
Unemployment Compensation		54	
Communication		6,989	
Janitorial Services		14,729	
Utilities		23,725	
Other Charges		24,405	
Total Local Health Center			71,029

Rabies and Animal Control

Supervisor/Director	\$	16,431	
Other Salaries and Wages		14,873	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

In-Service Training	\$	1,078	
Social Security		2,355	
State Retirement		1,304	
Life Insurance		11	
Medical Insurance		450	
Unemployment Compensation		147	
Communication		1,515	
Licenses		622	
Maintenance and Repair Services - Buildings		1,847	
Maintenance and Repair Services - Vehicles		951	
Veterinary Services		3,449	
Animal Food and Supplies		4,792	
Custodial Supplies		1,110	
Drugs and Medical Supplies		640	
Gasoline		3,391	
Office Supplies		184	
Utilities		4,690	
Other Supplies and Materials		1,301	
Data Processing Equipment		819	
Other Equipment		247	
Total Rabies and Animal Control			\$ 62,207

Alcohol and Drug Programs

Probation Officer(s)	\$	13,471	
Communication		2,191	
Postal Charges		135	
Rentals		6,000	
Travel		3,836	
Other Contracted Services		125	
Other Supplies and Materials		16,369	
Total Alcohol and Drug Programs			42,127

Other Local Health Services

Other Salaries and Wages	\$	465,529	
Social Security		34,538	
State Retirement		42,753	
Life Insurance		351	
Medical Insurance		14,175	
Unemployment Compensation		1,030	
Travel		9,751	
Other Supplies and Materials		1,785	
Total Other Local Health Services			569,912

Regional Mental Health Center

Contributions	\$	4,215	
Total Regional Mental Health Center			4,215

Appropriation to State

Contributions	\$	52,203	
Total Appropriation to State			52,203

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Other Charges	\$ 2,688	
Total General Welfare Assistance		\$ 2,688

Other Local Welfare Services

Probation Officer(s)	\$ 25,328	
Social Security	1,938	
State Retirement	691	
Unemployment Compensation	74	
Communication	964	
Contracts with Private Agencies	293,592	
Travel	6,330	
Other Supplies and Materials	41,120	
Office Equipment	826	
Total Other Local Welfare Services		370,863

Other Public Health and Welfare

Social Security	\$ 876	
State Retirement	2,456	
Life Insurance	24	
Medical Insurance	2,700	
Unemployment Compensation	55	
Contracts with Government Agencies	33,098	
Contributions	26,750	
Total Other Public Health and Welfare		65,959

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 9,750	
Total Senior Citizens Assistance		9,750

Libraries

Contributions	\$ 116,000	
Total Libraries		116,000

Parks and Fair Boards

Contributions	\$ 30,000	
Total Parks and Fair Boards		30,000

Agriculture and Natural Resources

Agriculture Extension Service

Part-time Personnel	\$ 8,360	
Board and Committee Members Fees	350	
Social Security	640	
Unemployment Compensation	49	
Communication	2,290	
Contributions	69,862	
Travel	8,000	
Other Contracted Services	3,469	
Office Supplies	5,794	
Total Agriculture Extension Service		98,814

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Forest Service

Other Contracted Services	\$ 2,000	
Total Forest Service		\$ 2,000

Soil Conservation

Clerical Personnel	\$ 31,356	
Other Salaries and Wages	28,537	
Social Security	4,129	
State Retirement	8,062	
Life Insurance	55	
Medical Insurance	5,400	
Unemployment Compensation	108	
Contributions	4,000	
Dues and Memberships	1,210	
Total Soil Conservation		82,857

Other Operations

Tourism

Other Charges	\$ 5,000	
Total Tourism		5,000

Industrial Development

Contributions	\$ 150,000	
Site Development	100,000	
Total Industrial Development		250,000

Airport

County Official/Administrative Officer	\$ 42,500	
Other Salaries and Wages	72,910	
Social Security	8,484	
State Retirement	11,754	
Life Insurance	83	
Medical Insurance	5,175	
Unemployment Compensation	300	
Communication	6,600	
Travel	1,194	
Gasoline	262,332	
Utilities	25,013	
Other Supplies and Materials	37,733	
Liability Insurance	12,075	
Other Charges	16,017	
Airport Improvement	207,421	
Data Processing Equipment	7,881	
Total Airport		717,472

Veterans' Services

Supervisor/Director	\$ 14,117	
Social Security	1,080	
Unemployment Compensation	52	
Communication	761	
Other Charges	1,737	
Total Veterans' Services		17,747

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Building and Contents Insurance	\$	19,290	
Judgments		93,000	
Liability Insurance		91,314	
Trustee's Commission		133,100	
Workers' Compensation Insurance		171,709	
Total Other Charges			\$ 508,413

Contributions to Other Agencies

Contributions	\$	5,500	
Total Contributions to Other Agencies			5,500

Employee Benefits

Social Security	\$	94,357	
State Retirement		117,456	
Life Insurance		657	
Medical Insurance		41,288	
Unemployment Compensation		1,325	
Total Employee Benefits			255,083

Miscellaneous

Other Charges	\$	1,064	
Right-of-Way		936	
Total Miscellaneous			2,000

Total General Fund \$ 11,445,583

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$	48,321	
Truck Drivers		62,851	
Social Security		7,034	
State Retirement		9,276	
Life Insurance		83	
Medical Insurance		8,100	
Unemployment Compensation		258	
Communication		805	
Contracts with Government Agencies		37,198	
Laundry Service		4,490	
Maintenance and Repair Services - Equipment		2,648	
Maintenance and Repair Services - Vehicles		21,527	
Diesel Fuel		35,369	
Gasoline		3,150	
Lubricants		1,096	
Tires and Tubes		10,723	
Utilities		1,742	
Other Supplies and Materials		2,314	
Workers' Compensation Insurance		10,949	
Total Waste Pickup			\$ 267,934

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers

Other Salaries and Wages	\$	216,562	
Social Security		15,843	
State Retirement		7,399	
Life Insurance		46	
Medical Insurance		5,400	
Unemployment Compensation		1,111	
Communication		5,985	
Contracts with Private Agencies		330,884	
Maintenance and Repair Services - Equipment		6,786	
Rentals		6,215	
Utilities		10,910	
Workers' Compensation Insurance		18,642	
Site Development		4,977	
Other Equipment		2,305	
Total Convenience Centers			\$ 633,065

Other Waste Disposal

Liability Insurance	\$	10,869	
Trustee's Commission		10,359	
Other Charges		3,042	
Total Other Waste Disposal			24,270

Total Solid Waste/Sanitation Fund \$ 925,269

Ambulance Service Fund

Public Safety

Civil Defense

Assistant(s)	\$	4,307	
Supervisor/Director		23,189	
In-Service Training		1,435	
Social Security		1,997	
State Retirement		1,633	
Unemployment Compensation		90	
Communication		2,870	
Maintenance and Repair Services - Vehicles		65	
Other Contracted Services		1,139	
Gasoline		1,150	
Office Supplies		573	
Total Civil Defense			\$ 38,448

Rescue Squad

Contributions	\$	25,910	
Total Rescue Squad			25,910

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,668	
Accountants/Bookkeepers		63,620	
Medical Personnel		1,543,484	
In-Service Training		11,186	

(Continued)

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Social Security	\$	121,981	
State Retirement		181,856	
Life Insurance		933	
Medical Insurance		56,500	
Unemployment Compensation		2,670	
Communication		20,244	
Data Processing Services		6,831	
Licenses		4,702	
Maintenance and Repair Services - Buildings		39,815	
Maintenance and Repair Services - Equipment		3,760	
Maintenance and Repair Services - Vehicles		43,940	
Postal Charges		4,334	
Printing, Stationery, and Forms		1,844	
Other Contracted Services		10,733	
Custodial Supplies		9,520	
Diesel Fuel		105,464	
Drugs and Medical Supplies		90,427	
Gasoline		2,973	
Lubricants		15,058	
Office Supplies		4,600	
Tires and Tubes		14,544	
Uniforms		16,532	
Utilities		14,371	
Other Supplies and Materials		54	
Building and Contents Insurance		537	
Liability Insurance		69,925	
Refunds		12,742	
Trustee's Commission		32,363	
Workers' Compensation Insurance		117,965	
Other Charges		7,955	
Data Processing Equipment		13,265	
Furniture and Fixtures		2,823	
Office Equipment		4,996	
Health Equipment		635	
Total Ambulance/Emergency Medical Services			\$ 2,705,850

Total Ambulance Service Fund \$ 2,770,208

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	72,821	
Social Security		5,401	
State Retirement		9,721	
Life Insurance		69	
Medical Insurance		2,025	
Unemployment Compensation		108	
Confidential Drug Enforcement Payments		20,000	
Maintenance and Repair Services - Vehicles		4,750	
Other Contracted Services		4,087	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>Drug Control Fund (Cont.)</u>			
<u>Public Safety (Cont.)</u>			
<u>Drug Enforcement (Cont.)</u>			
Other Supplies and Materials	\$	1,921	
Trustee's Commission		947	
Other Charges		19,229	
Total Drug Enforcement			\$ 141,079
<u>Public Health and Welfare</u>			
<u>Alcohol and Drug Programs</u>			
Other Supplies and Materials	\$	13,256	
In Service/Staff Development		175	
Total Alcohol and Drug Programs			13,431
Total Drug Control Fund			\$ 154,510
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	145,749	
Total Register of Deeds			\$ 145,749
<u>Finance</u>			
<u>County Trustee's Office</u>			
Constitutional Officers' Operating Expenses	\$	172,965	
Total County Trustee's Office			172,965
<u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	255,573	
Total County Clerk's Office			255,573
<u>Administration of Justice</u>			
<u>Circuit Court</u>			
Constitutional Officers' Operating Expenses	\$	184,490	
Total Circuit Court			184,490
<u>General Sessions Court</u>			
Constitutional Officers' Operating Expenses	\$	120,341	
Total General Sessions Court			120,341
Total Constitutional Officers - Fees Fund			879,118
<u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	71,475	
Supervisor/Director		34,956	
Accountants/Bookkeepers		35,770	
Medical Insurance		3,600	
Advertising		540	
Data Processing Services		1,207	
Dues and Memberships		3,810	
Maintenance and Repair Services - Office Equipment		288	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Postal Charges	\$	92	
Travel		1,019	
Office Supplies		386	
Other Charges		163	
Data Processing Equipment		1,138	
Total Administration			\$ 154,444

Highway and Bridge Maintenance

Equipment Operators	\$	248,152	
Truck Drivers		31,887	
Laborers		78,813	
Medical Insurance		12,600	
Rentals		1,321	
Other Contracted Services		1,130,888	
Asphalt - Liquid		41,186	
Concrete		2,072	
Crushed Stone		38,893	
Other Road Supplies		1,431	
Pipe		4,260	
Pipe - Metal		10,133	
Road Signs		19,285	
Other Charges		653	
Total Highway and Bridge Maintenance			1,621,574

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	19,145	
Towing Services		450	
Diesel Fuel		62,139	
Equipment and Machinery Parts		41,102	
Garage Supplies		3,493	
Gasoline		18,675	
Lubricants		5,341	
Tires and Tubes		13,160	
Other Charges		141	
Total Operation and Maintenance of Equipment			163,646

Other Charges

Communication	\$	4,466	
Contributions		3,110	
Janitorial Services		2,921	
Maintenance and Repair Services - Buildings		615	
Custodial Supplies		576	
Drugs and Medical Supplies		83	
Electricity		7,725	
Food Supplies		213	
Natural Gas		1,918	
Water and Sewer		1,379	
Building and Contents Insurance		1,605	
Liability Insurance		30,788	
Trustee's Commission		29,714	

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	4,017	
Workers' Compensation Insurance		42,243	
Other Charges		3,487	
Total Other Charges			\$ 134,860

Employee Benefits

Social Security	\$	36,473	
State Retirement		66,300	
Employee and Dependent Insurance		8,325	
Life Insurance		473	
Unemployment Compensation		3,860	
Total Employee Benefits			115,431

Capital Outlay

Engineering Services	\$	36,387	
Bridge Construction		241,242	
Building Improvements		2,300	
Communication Equipment		18,448	
State Aid Projects		159,019	
Total Capital Outlay			457,396

Total Highway/Public Works Fund \$ 2,647,351

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	570,000	
Principal on Notes		268,219	
Total General Government			\$ 838,219

Highways and Streets

Principal on Notes	\$	46,871	
Total Highways and Streets			46,871

Education

Principal on Bonds	\$	2,080,305	
Principal on Notes		308,334	
Total Education			2,388,639

Interest on Debt

General Government

Interest on Bonds	\$	230,325	
Interest on Notes		8,678	
Total General Government			239,003

Highways and Streets

Interest on Notes	\$	1,302	
Total Highways and Streets			1,302

(Continued)

Exhibit K-7

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Bonds	\$	800,158	
Interest on Notes		<u>8,723</u>	
Total Education			\$ 808,881
 <u>Other Debt Service</u>			
<u>General Government</u>			
Bank Charges	\$	5,276	
Trustee's Commission		<u>70,645</u>	
Total General Government			75,921
 <u>Education</u>			
Other Debt Service	\$	<u>7,440</u>	
Total Education			<u>7,440</u>
Total General Debt Service Fund			\$ 4,406,276
 <u>Education Capital Projects - Morrison Fund</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$	<u>543,553</u>	
Total Capital Projects Donated to School Department			<u>\$ 543,553</u>
Total Education Capital Projects - Morrison Fund			<u>543,553</u>
Total Governmental Funds - Primary Government			<u>\$ 23,771,868</u>

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 15,273,737	
Career Ladder Program	154,115	
Career Ladder Extended Contracts	43,990	
Homebound Teachers	85,457	
Educational Assistants	841,470	
Other Salaries and Wages	367,179	
Social Security	970,520	
State Retirement	1,507,313	
Medical Insurance	1,248,192	
Unemployment Compensation	23,363	
Employer Medicare	227,442	
Contracts for Substitute Teachers - Certified	372,627	
Contracts for Substitute Teachers - Non-certified	32,216	
Instructional Supplies and Materials	117,585	
Textbooks	1,339,207	
Other Supplies and Materials	909	
Other Charges	56,327	
Regular Instruction Equipment	388,132	
Total Regular Instruction Program		\$ 23,049,781

Alternative Instruction Program

Teachers	\$ 177,335	
Educational Assistants	64,300	
Social Security	14,142	
State Retirement	24,402	
Medical Insurance	18,380	
Unemployment Compensation	419	
Employer Medicare	3,308	
Total Alternative Instruction Program		302,286

Special Education Program

Teachers	\$ 1,918,406	
Career Ladder Program	9,000	
Homebound Teachers	30,839	
Educational Assistants	417,413	
Speech Pathologist	140,665	
Other Salaries and Wages	21,024	
Social Security	144,166	
State Retirement	243,266	
Medical Insurance	220,590	
Unemployment Compensation	3,915	
Employer Medicare	34,273	
Contracts for Substitute Teachers - Certified	31,572	
Contracts for Substitute Teachers - Non-certified	11,905	
Instructional Supplies and Materials	44,800	
Special Education Equipment	34,706	
Total Special Education Program		3,306,540

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	1,253,473	
Career Ladder Program		4,668	
Career Ladder Extended Contracts		650	
Other Salaries and Wages		41,892	
Social Security		75,058	
State Retirement		116,682	
Medical Insurance		104,460	
Unemployment Compensation		1,739	
Employer Medicare		17,554	
Contracts for Substitute Teachers - Certified		33,674	
Instructional Supplies and Materials		32,487	
T&I Construction Materials		18,227	
Vocational Instruction Equipment		695	
Total Vocational Education Program			\$ 1,701,259

Adult Education Program

Teachers	\$	69,419	
Other Salaries and Wages		8,137	
Social Security		3,755	
State Retirement		6,166	
Medical Insurance		5,120	
Unemployment Compensation		152	
Employer Medicare		1,033	
Other Contracted Services		6,018	
Instructional Supplies and Materials		419	
Other Charges		602	
Total Adult Education Program			100,821

Support Services

Attendance

Supervisor/Director	\$	67,954	
Career Ladder Program		1,000	
Clerical Personnel		30,158	
Other Salaries and Wages		250,180	
Social Security		20,309	
State Retirement		43,799	
Medical Insurance		9,218	
Unemployment Compensation		815	
Employer Medicare		4,750	
Travel		540	
Other Contracted Services		42,774	
Other Supplies and Materials		10,096	
Attendance Equipment		18,065	
Total Attendance			499,658

Health Services

Medical Personnel	\$	463,243	
Other Salaries and Wages		188,102	
Social Security		40,383	

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

State Retirement	\$	65,390	
Unemployment Compensation		1,216	
Employer Medicare		9,444	
Travel		9,358	
Other Contracted Services		3,000	
Drugs and Medical Supplies		14,783	
Other Supplies and Materials		9,078	
Other Charges		22,939	
Health Equipment		3,226	
Total Health Services			\$ 830,162

Other Student Support

Career Ladder Program	\$	3,500	
Guidance Personnel		642,782	
Attendants		60,072	
Other Salaries and Wages		303,853	
Social Security		57,212	
State Retirement		98,082	
Medical Insurance		43,652	
Unemployment Compensation		1,458	
Employer Medicare		14,068	
Contracts with Government Agencies		226,133	
Evaluation and Testing		78,638	
Other Contracted Services		103,407	
Other Charges		40,470	
Other Equipment		1,862	
Total Other Student Support			1,675,189

Regular Instruction Program

Supervisor/Director	\$	311,821	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		5,600	
Librarians		339,975	
Instructional Computer Personnel		73,007	
Social Security		49,334	
State Retirement		67,178	
Medical Insurance		26,135	
Unemployment Compensation		798	
Employer Medicare		10,282	
Travel		33,159	
Library Books/Media		67,496	
In Service/Staff Development		14,817	
Other Charges		15,599	
Other Equipment		10,500	
Total Regular Instruction Program			1,034,701

Alternative Instruction Program

Supervisor/Director	\$	53,920	
Secretary(ies)		19,036	

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Other Salaries and Wages	\$	5,260	
Social Security		4,719	
State Retirement		7,350	
Medical Insurance		3,781	
Unemployment Compensation		105	
Employer Medicare		1,104	
Total Alternative Instruction Program			\$ 95,275

Special Education Program

Supervisor/Director	\$	74,577	
Career Ladder Program		4,000	
Psychological Personnel		261,994	
Career Ladder Extended Contracts		5,600	
Other Salaries and Wages		33,116	
Social Security		22,139	
State Retirement		33,905	
Medical Insurance		26,700	
Unemployment Compensation		301	
Employer Medicare		5,178	
Travel		13,399	
Other Contracted Services		16,654	
Other Supplies and Materials		9	
In Service/Staff Development		640	
Other Equipment		215	
Total Special Education Program			498,427

Vocational Education Program

Supervisor/Director	\$	70,846	
Career Ladder Program		1,000	
Social Security		4,301	
State Retirement		6,380	
Medical Insurance		3,818	
Unemployment Compensation		54	
Employer Medicare		1,006	
Travel		889	
Other Charges		4,356	
Total Vocational Education Program			92,650

Other Programs

On-Behalf Payments to OPEB	\$	218,147	
Total Other Programs			218,147

Board of Education

Other Salaries and Wages	\$	49,380	
Board and Committee Members Fees		20,280	
Social Security		4,188	
State Retirement		9,265	
Medical Insurance		3,818	
Unemployment Compensation		54	

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Employer Medicare	\$	979	
Audit Services		7,000	
Dues and Memberships		11,474	
Legal Services		74	
Travel		14,200	
Liability Insurance		41,300	
Premiums on Corporate Surety Bonds		1,652	
Trustee's Commission		298,517	
Workers' Compensation Insurance		199,720	
Other Charges		19,517	
Total Board of Education			\$ 681,418

Director of Schools

County Official/Administrative Officer	\$	98,727	
Career Ladder Program		1,000	
Social Security		1,571	
State Retirement		8,856	
Medical Insurance		2,931	
Employer Medicare		905	
Communication		42,853	
Dues and Memberships		5,927	
Postal Charges		1,884	
Travel		4,659	
Other Charges		153	
Total Director of Schools			169,466

Office of the Principal

Principals	\$	678,253	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		6,300	
Assistant Principals		385,582	
Secretary(ies)		327,414	
Other Salaries and Wages		26,894	
Social Security		84,300	
State Retirement		140,430	
Medical Insurance		74,082	
Unemployment Compensation		1,695	
Employer Medicare		20,435	
Communication		219,625	
Dues and Memberships		6,500	
Other Supplies and Materials		1,086	
Other Charges		69	
Administration Equipment		11,396	
Total Office of the Principal			1,999,061

Fiscal Services

Internal Audit Personnel	\$	295,371	
Secretary(ies)		47,986	
Social Security		19,681	

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

State Retirement	\$	44,238	
Medical Insurance		1,586	
Unemployment Compensation		484	
Employer Medicare		4,816	
Travel		1,159	
Other Contracted Services		17,005	
Data Processing Supplies		1,343	
Office Supplies		7,382	
Other Charges		212	
Administration Equipment		3,917	
Total Fiscal Services			\$ 445,180

Operation of Plant

Secretary(ies)	\$	29,766	
Custodial Personnel		996,936	
Other Salaries and Wages		4,888	
Social Security		62,812	
State Retirement		126,633	
Medical Insurance		2,892	
Unemployment Compensation		2,823	
Employer Medicare		14,690	
Rentals		960	
Other Contracted Services		53,728	
Custodial Supplies		234,686	
Electricity		1,382,003	
Natural Gas		252,537	
Water and Sewer		155,926	
Other Supplies and Materials		30,982	
Building and Contents Insurance		141,076	
Plant Operation Equipment		2,628	
Total Operation of Plant			3,495,966

Maintenance of Plant

Supervisor/Director	\$	120,278	
Secretary(ies)		28,363	
Other Salaries and Wages		436,595	
Social Security		36,027	
State Retirement		74,471	
Medical Insurance		1,335	
Unemployment Compensation		1,075	
Employer Medicare		8,426	
Travel		345	
Other Contracted Services		151,651	
Gasoline		50,213	
Other Supplies and Materials		241,929	
Other Charges		275	
Maintenance Equipment		67,551	
Total Maintenance of Plant			1,218,534

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Contracts with Private Agencies	\$ 1,550,257	
Total Transportation		\$ 1,550,257

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$ 84,077	
Social Security	5,213	
Unemployment Compensation	481	
Employer Medicare	1,219	
Travel	743	
Other Supplies and Materials	7,992	
Total Community Services		99,725

Early Childhood Education

Teachers	\$ 322,154	
Educational Assistants	126,375	
Other Salaries and Wages	51,405	
Social Security	28,728	
State Retirement	50,027	
Medical Insurance	35,105	
Unemployment Compensation	883	
Employer Medicare	6,719	
Travel	1,328	
Other Supplies and Materials	35,457	
Other Charges	8,982	
Other Equipment	10,199	
Total Early Childhood Education		677,362

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 547,917	
Total Regular Capital Outlay		547,917

Total General Purpose School Fund \$ 44,289,782

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,512,509
Educational Assistants	77,827
Other Salaries and Wages	52,096
Social Security	95,275
State Retirement	148,285
Medical Insurance	87,756
Unemployment Compensation	1,926
Employer Medicare	22,610
Contracts for Substitute Teachers - Certified	31,845
Contracts for Substitute Teachers - Non-certified	776
Instructional Supplies and Materials	143,634

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Charges	\$	6,785	
Regular Instruction Equipment		253,731	
Total Regular Instruction Program			\$ 2,435,055

Special Education Program

Teachers	\$	303,516	
Clerical Personnel		21,280	
Educational Assistants		343,729	
Other Salaries and Wages		675	
Social Security		38,304	
State Retirement		68,905	
Medical Insurance		13,692	
Unemployment Compensation		1,392	
Employer Medicare		9,439	
Evaluation and Testing		250	
Maintenance and Repair Services - Equipment		2,994	
Contracts for Substitute Teachers - Certified		25,686	
Contracts for Substitute Teachers - Non-certified		12,472	
Instructional Supplies and Materials		65,174	
Other Charges		1,263	
Special Education Equipment		9,917	
Total Special Education Program			918,688

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	4,774	
Instructional Supplies and Materials		9,911	
Other Supplies and Materials		2,991	
Other Charges		2,500	
Vocational Instruction Equipment		73,000	
Total Vocational Education Program			93,176

Support Services

Other Student Support

Travel	\$	21,692	
Other Contracted Services		3,602	
Other Supplies and Materials		9,630	
In Service/Staff Development		1,000	
Other Charges		26,983	
Total Other Student Support			62,907

Regular Instruction Program

Supervisor/Director	\$	73,748	
Other Salaries and Wages		284,976	
In-Service Training		17,040	
Social Security		16,727	
State Retirement		26,056	
Medical Insurance		24,065	
Unemployment Compensation		436	
Employer Medicare		5,122	

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Fringe Benefits	\$	52	
Communication		208	
Travel		37,371	
Other Supplies and Materials		1,520	
In Service/Staff Development		107,177	
Other Equipment		415	
Total Regular Instruction Program			\$ 594,913

Special Education Program

Psychological Personnel	\$	3,792	
Clerical Personnel		19,447	
Other Salaries and Wages		229,827	
Social Security		15,669	
State Retirement		32,600	
Medical Insurance		318	
Unemployment Compensation		402	
Employer Medicare		3,665	
Travel		2,458	
Other Contracted Services		239,046	
Other Supplies and Materials		1,775	
In Service/Staff Development		38,857	
Other Charges		907	
Total Special Education Program			588,763

Vocational Education Program

Travel	\$	847	
In Service/Staff Development		3,223	
Total Vocational Education Program			4,070

Transportation

Contracts with Private Agencies	\$	1,027	
Vehicle Parts		162	
Total Transportation			1,189

Total School Federal Projects Fund \$ 4,698,761

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,841	
Internal Audit Personnel		107,647	
Salary Supplements		30,250	
Cafeteria Personnel		899,255	
Other Salaries and Wages		31,090	
In-Service Training		8,354	
Social Security		68,447	
State Retirement		102,893	
Medical Insurance		2,136	
Unemployment Compensation		2,049	

(Continued)

Exhibit K-8

Warren County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Warren County School Department (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Employer Medicare	\$	16,232	
Communication		6,692	
Maintenance and Repair Services - Equipment		38,126	
Travel		7,523	
Other Contracted Services		22,196	
Food Preparation Supplies		87,001	
Food Supplies		1,363,124	
Office Supplies		5,810	
USDA - Commodities		171,546	
Other Supplies and Materials		632	
In Service/Staff Development		2,978	
Other Charges		4,987	
Food Service Equipment		87,569	
Total Food Service			\$ 3,130,378

Total Central Cafeteria Fund \$ 3,130,378

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	971,000	
Total Education Capital Projects			\$ 971,000

Total Education Capital Projects Fund 971,000

Total Governmental Funds - Warren County School Department \$ 53,089,921

Exhibit K-9

Warren County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,005,694
Total Cash Receipts	<u>\$ 2,005,694</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,965,580
Trustee's Commission	40,114
Total Cash Disbursements	<u>\$ 2,005,694</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

Warren County Executive and
Board of County Commissioners
Warren County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements, and have issued our report thereon dated December 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren County's internal control. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-003, 2013-005, and 2013-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-002, and 2013-004.

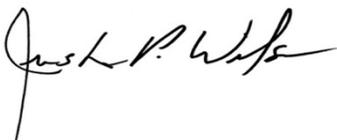
Warren County's Responses to Findings

Warren County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Warren County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 26, 2013

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Warren County Executive and
Board of County Commissioners
Warren County, Tennessee

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Warren County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Warren County's major federal programs for the year ended June 30, 2013. Warren County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County's compliance.

Opinion on Each Major Federal Program

In our opinion, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

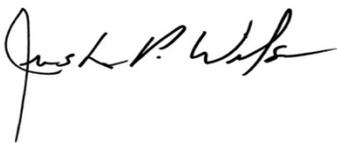
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Warren County's basic financial statements. We issued our report thereon dated December 26, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 26, 2013

JPW/sb

Warren County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 171,546 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 617,875
National School Lunch Program	10.555	N/A	1,642,798 (3)
Fresh Fruits and Vegetables Program	10.582	N/A	25,250
Total Passed-through State Department of Education			<u>\$ 2,285,923</u>
Total U.S. Department of Agriculture			<u>\$ 2,457,469</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 3,300
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 123,787
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	(2)	\$ 42,942
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,229,077
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,436,130
Special Education - Preschool Grants	84.173	N/A	63,448
Career and Technical Education - Basic Grants to States	84.048	N/A	125,673
Education for Homeless Children and Youth	84.196	(2)	37,000
Rural Education	84.358	(2)	128,239
English Language Acquisition Grants	84.365	N/A	45,146
Improving Teacher Quality State Grants	84.367	N/A	301,502
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	338,271
Total U.S. Department of Education			<u>\$ 4,704,486</u>
U.S. Department of Health and Human Services:			
Direct Program:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	\$ 420,790
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grant	97.042	(2)	\$ 19,712
Total Expenditures of Federal Awards			<u>\$ 7,772,486</u>

(Continued)

Warren County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Drug Court Grant, Adult and Juvenile - State Department of Finance	N/A	(2)	\$ 50,000
Juvenile Services Program - State Department of Children's Services	N/A	(2)	4,500
Litter Program - State Department of Transportation	N/A	(2)	31,171
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	24,264
Rural Local Health Services - State Department of Health	N/A	(2)	569,895
Animal Friendly Spay/Neuter Grant Program - State Department of Health	N/A	(2)	440
Crime Stoppers Grant Program - Tennessee Bureau of Investigation	N/A	(2)	6,250
Archives Development Program - State Library and Archives	N/A	(2)	1,425
Airport Ground Maintenance Equipment - State Department of Transportation	N/A	(2)	17,964
Airport Taxi Lane Project - State Department of Transportation	N/A	AERO-11-184-00	162,321
Airport RSA Improvements - State Department of Transportation	N/A	AERO-11-185-00	5,600
Airport RSA Improvements - State Department of Transportation	N/A	(2)	98,273
Coordinated School Health Improvement Act of 2000 - State Department of Education	N/A	(2)	170,000
Project Diabetes - State Department of Education	N/A	(2)	10,000
Art Student Ticket Subsidy - State Arts Commission	N/A	(2)	1,035
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools Act - State Department of Education	N/A	(2)	35,100
ConnecTenn - State Department of Education	N/A	(2)	21,444
Early Childhood Education - State Department of Education	N/A	(2)	688,457
Total State Grants			<u>\$ 1,927,751</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,814,344.

Warren County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Warren County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.03(A)	176	Some Animal Control Department collections were not deposited within three days

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	179	The accounting software did not identify the user who processed transactions

**OFFICES OF COUNTY CLERK, CLERK AND MASTER, REGISTER OF DEEDS,
AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.09	180	Duties were not segregated adequately

WARREN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Warren County is unmodified.
2. The audit of the financial statements of Warren County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Warren County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Improving Teacher Quality State Grants (CFDA No. 84.367), State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), and Substance Abuse and Mental Health Services Projects of Regional and National Significance (CFDA No. 93.243) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Warren County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county executive, finance director, and director of schools are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 2013-001

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund by \$43,776. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE AND FINANCE DIRECTOR

Officials will review all expenditures closely to determine the need for any budget amendments to ensure expenditures do not exceed appropriations.

FINDING 2013-002

SOME ANIMAL CONTROL DEPARTMENT COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of July 2012 and February 2013 to examine receipts and deposits made by the Animal Control Department. The office did not deposit funds to the bank account within three days of collection in six of 44 receipts deposited during these months. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

Animal Control Department funds should be deposited with the county trustee within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND FINANCE DIRECTOR

Employees of the Animal Control Department make deposits of funds collected in their department directly to the Trustee's Office. Warren County has previously advised the Animal Control Department director of the three-day deposit law. We will again inform the director of this audit finding and will monitor deposits made by the Animal Control Department for compliance with the three-day deposit law.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-003

THE BOARD OF EDUCATION ALLOWED A NONPROFIT ORGANIZATION TO CONSTRUCT A SOFTBALL HITTING FACILITY ON SCHOOL PROPERTY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Board of Education allowed an athletic booster club to construct a softball hitting facility on school property using loan proceeds borrowed by the booster club instead of the Board of Education building the facility through its normal purchasing process. Subsequent to June 30, 2013, the booster club requested that the Board of Education lease-purchase the facilities in order to repay the debt borrowed by the booster club. It should be noted that the original construction costs approved by the Board of Education were for \$40,000; however, the booster club is requesting that the Board of Education enter into a five-year lease purchase of \$79,719 for the facilities. Since the booster club made all purchases related to the facilities, the Board of Education does not have any documentation to support the proposed lease-purchase amount.

RECOMMENDATION

The Board of Education should refrain from allowing other entities to construct facilities on school property, but could accept donations from these entities to go toward board constructed facilities. Furthermore, if the Board of Education decides to acquire the facilities from the booster club, the board should acquire adequate documentation for the purchase. If debt instruments are considered, the state statutes governing the issuance of debt should be followed.

MANAGEMENT'S RESPONSE- DIRECTOR OF SCHOOLS

The Board of Education approved the construction of a softball facility on the Warren County High School campus by the Lady Pioneer Softball Booster Club in 2009. The

construction was completed and used by the women's softball team in 2011. The cost of this construction was estimated by the booster club to be approximately \$40,000 and was to be wholly paid by the booster club.

All suppliers and contractors have been paid in full by the booster club. There is no security interest by any third party in the building. There remains an unsecured note made by individual past booster club members in connection with the building. In order to ensure adherence to generally accepted government auditing standards, the aforementioned action will not occur in the future. Any building projects recommended for construction by booster clubs or other third parties will require them to be completed with monies in hand and without incurring any debt. All building projects will be bid and supervised by Warren County Board of Education.

Upon notification of this finding during the audit, the district immediately began revising its Booster Club policy and added two additional requirements. First, the district will require that booster clubs seeking permission to make improvements to school property obtain all monies, which they believe are necessary to complete the project, before submitting a request to the board to allow such improvement. Second, if the board determines that such a project fits into its strategic plan for the district and agrees that the project should be completed, the club will donate the funds to build the project to the district for such use.

As always, the school district is dedicated to meeting financial expectations, to the best of its knowledge and ability. At the same time, the district strives to maintain gender equity in its athletic programs as mandated by federal law. The action at issue was taken in good faith to ensure the district maintains access to these facilities and continues to meet its Title IX obligations. The school district provides a suitable on-campus baseball facility to its male athletics for its baseball program. The district uses the softball facilities at issue to provide its female students access to equivalent athletic facilities for the softball program.

The school district intends to continue to provide softball facilities in the future to fulfill its Title IX obligations to its female athletes. The district has documentation for the full cost of this building project, which it obtained from the booster club including treasurer's reports, ledgers and receipts totaling \$79,719. The district wishes to obtain legal title to the booster-built softball facilities to avoid the cost of leasing other softball facilities or expending more public monies to build a new facility. The district believes that the facility is worth \$79,719 and is insured. The board intends to obtain an appraisal to document the value of the building before proceeding further with any type of transfer of property. After receiving notice from your office that a lease-purchase agreement would require state approval, the board immediately decided not to enter into a lease-agreement with the booster club. If the district decides to proceed with any type of acquisition of the facilities, it will follow all applicable laws to the best of its ability.

OFFICE OF COUNTY CLERK

FINDING 2013-004

EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE

(Noncompliance Under *Government Auditing Standards*)

The county clerk did not report and pay excess fees to the county in compliance with Section 8-22-104, *Tennessee Code Annotated*. This statute requires excess fees to be reported and paid to the county quarterly and authorizes the clerk to retain sufficient fees to operate the office for three months. Excess fees retained in this office exceeded statutory limits for three of the four quarters covered by our examination. The county clerk paid excess fees of \$128,774 during the period under examination; however excess fees exceeded the allowable amounts in September, December, and March by \$21,446, 31,823, and \$56,755, respectively.

RECOMMENDATION

The county clerk should report and pay excess fees to the county in compliance with state statute.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2013-005

THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED TRANSACTIONS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office’s accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the software that would identify the user who performed each transaction.

**OFFICES OF COUNTY CLERK, CLERK AND MASTER, REGISTER OF DEEDS,
AND SHERIFF**

FINDING 2013-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among officials and employees in the Offices of County Clerk, Clerk and Master, Register of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

BEST PRACTICE

WARREN COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Warren County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

**WARREN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.